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# Free Trade Zones and Related Facilities Abroad

U.S.  
DEPARTMENT  
OF  
COMMERCE  
Bureau of  
International  
Commerce





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**July 1970**

# FOREWORD

It is the policy of the U.S. Government to assist U.S. businessmen in expanding their exports in the market places of the world. The Department of Commerce, which plays a major role in this endeavor, has prepared this booklet to acquaint exporters and potential exporters with customs-privileged facilities such as free trade zones located in or near their overseas markets. Such facilities may be of use in expanding their foreign business.

While the United States is the world's leading foreign trader, its exports account for a smaller percentage of its gross national product than is the case for many other countries. This export figure can and must be increased. In virtually every market abroad there is a demand for U.S. products. But, in order to compete with suppliers from third countries, it is often essential for U.S. exporters to have their goods readily available to be in a position to process, sell, distribute, service, and supply spare parts from a base at the doorstep of their foreign customers.

Customs-privileged areas such as free trade zones often can serve this need. They are not a new device. However, as international trading operations have grown in volume and complexity and the pressures of competition have intensified, governments and traders alike have become increasingly interested in the potentialities of developing and using customs-privileged areas to facilitate the handling of import and export shipments.

We hope, therefore, that you will find this comprehensive booklet useful and informative.



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# CONTENTS

	<b>Page</b>
<b>Introduction</b> .....	iv
<b>Part One</b>	
<b>Development and Use of Free Trade Zones and Related Facilities</b>	v
<b>Chapters</b>	
1 Development of Customs-Privileged Facilities.....	1
2 Types of Customs-Privileged Facilities in Use Abroad.....	4
3 Advantages of Using Customs-Privileged Facilities.....	9
4 When to Consider Using a Free Trade Zone.....	13
5 What to Look For in a Free Trade Zone.....	14
6 Where to Obtain Background Information.....	15
7 Factors Affecting the Establishment of Free Trade Zones; Some Recent Trends.....	16
<b>Part Two</b>	
<b>Free Trade Zones and Related Facilities Operating Abroad</b> .....	19
<b>Chapters</b>	
8 Free Trade Zones and Related Facilities in Europe.....	22
9 Free Trade Zones and Related Facilities in Latin America, the Caribbean and Bermuda.....	72
10 Free Trade Zones and Related Facilities in Asia.....	96
11 Free Trade Zones and Related Facilities in Africa.....	118

# Introduction

This booklet presents the “what, why, how and where” of free trade zones and related facilities abroad. Part One gives a general view. It describes the several major types of customs-privileged facilities to be found abroad and discusses the basic economic factors involved in using them. The second part contains brief summaries, grouped by geographic region, of those facilities presently in operation.

Each summary contains sections which describe the location of the facility and its proximity to markets and onward transportation, the types of operations authorized, the restrictions and controls employed, the internal facilities available to users, the name of the administering authority, and the mailing address of at least one source of further information. It is strongly recommended that any serious prospective user of a facility described in this booklet communicate directly with the administering authority or other competent source listed for assurance the information given is still current and for further essential details, particularly those relative to storage charges and fees, prior to attempting to establish an operation. Where the address is given in a foreign language, it is usually advisable to write to the addressee in that language.

Part Two describes primarily those customs-privileged areas which seem likely to offer practical opportunities to U.S. exporters. Minor customs-privileged areas lacking convenient access to markets and those in which internal facilities for handling or storing shipments have not been developed have been omitted, as have new facilities which have not yet become operational. Additionally, a few free trade zones have been omitted because it has not been possible to verify their operational status. The material contained in this booklet has been assembled over a considerable period of time. Although every effort has been made to obtain and pre-

sent information on facilities pertinent to our export trade and to verify the accuracy of the data provided, the Department of Commerce cannot assume responsibility for errors or omissions.


Material on the foreign-trade zones of the United States has not been included. The Foreign-Trade Zones Board publishes an *Annual Report* to the Congress of the United States in which the individual facilities are described and the names and addresses of their administering authorities are listed. Copies are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402 at a cost of 35 cents apiece. Further information may be obtained from the Foreign-Trade Zones Board, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

Recent general published materials on free trade zones are not extensive. However, for additional information on the subject it may be useful to consult *Free Ports and Free Trade Zones*, by Richard S. Thoman, Cornell Maritime Press, Cambridge, Maryland 21613; and *Foreign-Trade Zones and International Business*, by William A. Dymsha, Department of Conservation and Economic Development, State of New Jersey, Box 1889, Trenton, New Jersey 08625.

This booklet has been prepared as a business information service by the Transportation and Insurance Division of the Bureau of International Commerce. It was written by Helen D. Grayson, Free Trade Zones Specialist, under the direction of Jerome Sachs, Director, Transportation and Insurance Division. The summaries of the individual free trade zones and related facilities presented in Part Two are based largely on reports submitted by U.S. embassies and consulates abroad.

# **Part One**

## **DEVELOPMENT AND USE OF FREE TRADE ZONES AND RELATED FACILITIES**



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# Chapter 1

## Development of Customs-Privileged Facilities

Most countries presently maintain tariff systems and tax most categories of imported goods intended for consumption or use within their boundaries at the time of entry according to rates specified in a customs tariff. Such customs tariffs are instruments of national economic policy. Their more common objectives are the protection of domestic industry and the production of national revenue. When import limitation is an important policy aim, so-called "non-tariff barriers" such as supplementary import taxes, quota systems, import licensing requirements and foreign exchange controls are frequently employed in combination with tariffs.

Conversely, most tariff-enclosed nations currently do not impose customs duties or other import regulations on shipments of foreign goods clearly documented for onward transportation to a third country. Such "transit" shipments are usually subject only to the minimal controls necessary to ensure that the goods actually leave the territory of the country they are transiting. Depending on transportation patterns and other factors a variety of means of handling transit shipments are employed. "Transit sheds" on or near wharves are frequently provided for the temporary storage of shipments awaiting water transportation, and movement under bond or customs seal is usually possible for overland shipments.

There is, however, a third category of import shipments, in which the ultimate destination is undetermined at the time of landing or for which immediate onward shipment would not be

Practical. Since the handling and storage of such shipments generally result in economic benefit, most countries have found it desirable to grant some form of relief from customs duties. This publication deals with this category of shipments and the customs-privileged facilities that some countries have established to accommodate them.

### Special Customs Treatment

Special customs treatment is the central feature and the essential benefit of the free trade zones and other facilities described in this booklet. Their purpose is the stimulation and facilitation of international trade, or at minimum, the attraction of a measure of economic activity which might otherwise go elsewhere. The means employed is the extension of customs privileges based on exemption from customs duties under a system of specified controls.

Variations are wide in other respects, but all facilities permit entry of raw materials, components and finished goods of foreign origin and later reexportation without payment of customs duties. They afford international traders the opportunity to store and often to process imported goods free of customs duties and without the application of most other import control requirements while awaiting sale or onward shipment to another market for consumption or use. Typically, customs duties become payable and other import controls become operative only if and when foreign goods are removed from a free trade zone or similar facility for use



or consumption in the country in which it is located. Consequently, the possibilities for the utilization of any such facility tend to be affected by the customs tariff levels of the host country and of nearby countries which might easily be supplied from the facility.

Customs-privileged areas have been in use for a long time; but their growth has not been steady, their institutional form has been subject to change and many countries have not seen a need to establish them. Rather, they have varied with the flow and direction of international trade and with the presence or absence of customs tariffs or similar barriers to trade. They have tended to appear along international trade routes, primarily at those places with a substantial volume of transshipment or reexport trade that would have been impeded or would have transferred to a more hospitable location if local customs duties were imposed. They have been employed frequently as a competitive device to attract trade and shipping activity from more restrictive nearby trade centers or other previously established customs-privileged areas.

### Origin of Facilities

Customs-privileged facilities are believed to have had their origin in the ancient Mediterranean area. They are known to have been operative during the Middle Ages in the form of "free cities" which permitted the free transit of goods to and from market fairs. The Hanseatic League which contributed substantially to the stimulation of trade and economic development in Germany was originally a confederation of trading towns whose purpose was the reduction of obstacles to trade. Some modern free trade zones, that at Hamburg for example, trace their origin to these medieval towns.

As European trade with the Middle and Far East developed after the fifteenth century, a number of port cities in the Mediterranean area extended customs privileges to traders. More facilities were developed in the eighteenth and nineteenth centuries when the European colonial powers frequently established free ports in their overseas possessions, and non-colonial states created customs-privileged enclaves in their home ports to attract trade from their more prosperous neighbors. Both Great Britain

and the Netherlands employed the free port device in the Caribbean during this period, and Great Britain extended it to transshipment and ship outfitting ports in other areas such as Aden and Hong Kong.

In Europe a substantial wave of activity took place after the unification of Germany. During this period central governments generally tended to increase in strength and extend their control over subordinate local governmental bodies, and industrialized countries generally tended to adopt protectionist customs tariffs. Additionally, the opening of the Kiel Canal and the later defeat of Germany in World War I presented new possibilities for the handling of transshipment cargoes in the Baltic and Scandinavian areas.

These developments had two effects on free port activity. On the one hand, the device took its modern form, that of the "free trade zone" in which freedom from customs duties and similar controls is restricted to a delimited area. Although there had been earlier instances of its use, the free trade zone became the prevalent form of customs-privileged place in Europe when the formerly independent free cities of Germany were brought into the German Customs Union and lost their tariff-free status except for the actual port areas and their immediate environs. On the other hand, a number of new customs-privileged facilities were established in Germany and in the Scandinavian countries with the result that the use of the device reached its high point in Europe during this period. The new facilities were usually called "free ports," although they were all established as free trade zones of limited area.

The national attitudes of the major trading and industrial powers of Europe toward the employment of the free trade zone device also apparently crystallized during this period. With few exceptions, those developed countries which had not established customs-privileged zones by 1935 have not since done so. The United Kingdom, France, and the Benelux countries are in this category. Conversely, those countries in which the device was employed during this period have generally retained it.

### Recent Developments

In recent years, the free trade zone movement has achieved new momentum. Since the



end of World War II, many new facilities have been created, their geographic distribution has become more widespread, and their institutional forms have become more varied to meet diverse local conditions. Most of the new activity has taken place in developing countries. Many countries in Latin America, the Middle and Far East, and Africa have sought to employ the device as a tool of national economic development. Frequently facilities in these areas take the form of combination free trade and free industrial zones; they are intended not only to improve the possibilities for the use of national ports but also to facilitate the development of national export industries utilizing foreign materials.

The widespread distribution of the free trade zone device attests to its usefulness in accord-

ing relief from customs duties to shipments other than those intended for immediate use or consumption in national territory. However, it is only one of a number of alternative means. Many major trading countries which do not employ free trade zones have developed other satisfactory systems for the purpose. These include special temporary entry provisions, bonded warehousing facilities and customs drawbacks (duty refunds on reexports). Depending upon the liberality of the legal framework, the flexibility of the institutions and the efficiency with which they are administered, alternative systems can offer advantages comparable to those of a free trade zone. In fact, a major seaport where such a system is employed advertises itself as "freer than a free port."

# Chapter 2

## Types of Customs-Privileged Facilities in Use Abroad

The fundamental purpose of the customs-privileged facilities described in this publication is to facilitate the exchange, transfer, movement or industrial use of goods among nations having different international trade restrictions. They tend to be situated therefore in or near important commercial centers on world trade routes where goods can be easily received, dispatched and distributed internationally. The greater number are located in seaports, but some can be found at airports, railroad stations and border towns. In general, their regulations are such that both foreign exporters and local importers may use their internal physical facilities and customs privileges.

### Five Basic Categories

These customs-privileged facilities vary greatly in detail as the result of differing historical backgrounds and particular economic conditions. They can be divided, however, into five basic categories: free trade zones, free ports, transit zones, free perimeters and special customs-privileged facilities.

The first four are specific, limited areas, usually within a tariff-enclosed territory or country, which are legally permitted to receive imported goods without levying customs duties. There are more than 100 of these so-called "free areas" now in operation throughout the world. The last category is a more general classification, encompassing countries where liberal and flexible customs procedures have been so systematized that they offer privileges comparable

to the specific customs-exempt areas of the first four categories. Aside from the extension of duty-free treatment, there are no fixed concepts or criteria applicable to all the facilities now in operation. Even the terms commonly used by the host governments to describe the facilities, such as "free trade zone" or "free port," will frequently differ in local interpretation.

The classifications used in this publication follow the generalized definitions given below which enjoy wide usage. Each individual facility described in Part Two has been placed in the category which it most nearly approximates in accordance with these definitions. In some cases, the classification will differ from that of the host government where the latter's terminology is at variance with such usage.

### Free Trade Zone

The free trade zone is the most important of the customs-privileged facilities of limited area now in operation abroad. It has the widest geographic distribution and is the form most commonly employed by tariff-enclosed industrialized nations.

A free trade zone is an enclosed, policed area in a seaport or at an airport or other inland point treated for customs purposes as lying outside the customs territory of the country. Goods of foreign origin may be brought in pending eventual transshipment, reexportation, and in some cases, importation into the local market, without payment of customs duties. Domestic goods intended for export or for admixture

with foreign goods may also be brought into the free trade zone.

At minimum, free trade zones allow international traders to store such goods within their confines and to undertake such operations as may be necessary to preserve them; more frequently, processing and commercial activities such as exhibiting, sampling, blending, mixing, sorting and packing, which would facilitate the sale, distribution, or onward shipment of the goods without changing the customs tariff classification are also permitted. Industrial activities such as assembling or manufacturing which would tend to change the customs tariff classification of the goods to a category different from that applicable at the time of entry are permitted in some zones, usually in those established more recently, but not in others.

In some countries, terms such as "free zone," "free port," or "free airport" are used to describe a facility which is actually a free trade zone as that term is defined above. In the United States, the term "foreign-trade zone" is used to designate the free trade zone facilities operating in this country.

The laws and regulations applicable to free trade zones throughout the world tend to have certain similar features that can be considered as characteristic of this type of customs-privileged facility. Although not all are present in every case, they produce in sum a convenient model with which individual facilities subsequently described in this booklet can be compared. For the most part, these characteristics are not repeated in the descriptions of particular facilities; unless otherwise stated, it can generally be assumed that they are applicable. In all instances where departures from the norms are known to exist, the specific facts are given. These characteristics are substantially as follows:

#### **Free Trade Zone Characteristics**

- A free trade zone is "free" only with respect to customs duties, import taxes, and possibly other import controls normally imposed by customs laws and regulations. All other penal and civil laws applicable elsewhere in the country, for example, those concerning public safety, health, sanitation, labor, business organization, business and personal taxes, etc., are usually applicable within a free trade zone.
- Goods brought into a free trade zone from abroad are not "declared" as customs entries into the host country. Customs examination generally occurs at the surrounding fence and not at shipside or in warehouses or other structures within a zone. Although goods brought into a zone are frequently subject to inspection or documentary controls, these formalities are usually held to the minimum necessary to prevent smuggling or other illegal activities.
- Bond or other security is not normally required.
- There are few restrictions as to the types of goods which may be brought into a free trade zone. In general, any goods from any country with which the host country has normal trade relations can be accepted. However, goods which are prohibited entry or free circulation within other areas of the host country such as narcotic drugs, firearms, ammunition, objectionable printed matter, etc., are usually denied entry into its free trade zones. In addition, certain goods that present possible hazards to other goods, such as highly inflammable substances, or that can be easily smuggled, such as high-value jewelry, may either be denied entry or subjected to special handling and storage restrictions.
- Domestic goods and duty-paid foreign goods brought into a free trade zone are usually considered exports from the customs territory of the host country unless special steps are taken to retain their nationality. Upon introduction into a free trade zone such goods can become eligible for any applicable export incentive, tax refund or drawback payment.
- Foreign goods brought into free trade zones for use or consumption within their confines are generally regarded as imports and subject to the payment of customs duties and import taxes in full. The customs treatment of capital goods and office supplies intended for operations within a free trade zone, however, can vary widely. The free trade zones of developing countries frequently accord them duty-free entry, but those of industrialized nations usually require payment of duty.
- Goods removed from a free trade zone for use or consumption in the host country are at the time of their removal subject to the payment of customs duties and taxes at the full rates applicable to like goods imported directly



from abroad. Compliance with any other import control requirements must usually be made before the removal can be completed. The chief exception to this rule is that goods manufactured in free trade zones are sometimes accorded duty-free or reduced duty entry into local markets.

- There is generally no limit on the length of time during which goods can be held in a free trade zone, provided storage charges and other fees are paid.

- Goods held in a free trade zone can usually be sold at the wholesale level through auction or other means. Title to such goods can be transferred; also, such goods can be used as collateral for loans.

- With few exceptions retail trade in goods held in free trade zones is prohibited, or, if permitted, is subject to strict control. The most common exception to this rule is ship chandling, that is, the sale of supplies to outbound ships or aircraft. Another sometimes found is the sale of goods to departing passengers. Any retail trade in goods of national origin or imports on which duty has been paid is generally confined to snack bars and catering services for the convenience of persons employed within a zone.

- A free trade zone will usually have general or public warehousing facilities for short-term or occasional use on a storage charge basis. For long-term storage or for processing operations, space can frequently be rented under contract. Where rentable space does not exist there often are favorable provisions for its construction on land leased by zone users.

- Arrangements can usually be made to use a free trade zone for freight forwarding purposes. These services may be provided either by the administering authority of such a zone or by local firms operating within it. In some cases, local firms offer agency-type arrangements under which they will act in behalf of a foreign company to undertake any authorized operation.

- Residence within a free trade zone is generally prohibited, and access to its premises confined to persons having business there.

## The Free Port

A free port is an area, generally encompassing an entire port and its surrounding locality,

into which goods of foreign origin may be brought without the imposition of customs duties or subject only to a minimal revenue tariff, whether such goods are intended for reexport or for local consumption. In some cases, selected goods, for example, alcoholic beverages and tobacco, may be subject to relatively high rates of duty.

Free port customs treatment may either extend throughout an entire territory as in Hong Kong, or be confined to a limited, but usually substantial, portion of a country as in the Brazilian free port of Manaus. Where the free port is a portion of the national territory, customs duties are levied on foreign goods which pass from the free port into other areas of the country. In such instances, the free port is a controlled facility.

The free port type of customs-privileged area, as defined above, is relatively rare today. The greater number of such facilities are colonial or former colonial territories such as Aden, Gibraltar, Hong Kong and Singapore, which had not been tariff-enclosed. Although these areas generally attempt to retain the traditional free port status that made possible their development as international transshipment, processing and commercial centers and still facilitate such operations, changing circumstances have forced some adjustments. Many have imposed customs duties or other taxes on an increased number of imports intended for local consumption and raised the level of duty on previously dutiable items in response to pressures for increased revenue and protection of local industry. Care is usually taken, however, to insure that such measures do not affect goods intended for transshipment or reexport. As a consequence some of these facilities now function as part free port and part free trade zone.

A few other free ports have in recent years been established in tariff-enclosed countries. Generally, the areas selected to be free ports have been less well developed than other parts of the host countries and remote from the mainstream of their commerce. In such cases, the free port device has been adopted to stimulate local development through international economic activity. Typically, the host country deliberately chooses to do without potential customs revenues for possible long-term gains in

the form of increased employment, a broadened tax base, and new sources of foreign exchange earnings. Some of these free ports tend to be multi-purpose facilities in that they seek to accommodate local and international commercial activities, industry, particularly export-oriented industry, and tourism simultaneously. Manaus, Brazil is an example of a free port in a tariff-enclosed area.

In terms of legal framework the free port tends to be the freest and most flexible form of customs-privileged territory. In addition to the fact that most categories of goods can be brought in freely and even sold in the local market for consumption there without the imposition of customs duty or subject only to relatively low rates of duty, there are usually fewer restrictions or controls governing the entry, handling, processing and reexport of goods than would be applicable in a free trade zone. In general, there is little regulatory distinction between export or reexport-oriented operations and purely local ones.

However, with the exception of a few particularly well located and active facilities, many free ports are less well equipped than the average free trade zone to serve the needs of international trading and distribution operations. Because these facilities are often situated in economically underdeveloped areas away from major world trade routes, shipping services may be infrequent, the local market may be small and nearby markets few, and internal facilities such as transit sheds, warehouses, and handling equipment limited.

## **The Transit Zone**

A transit zone is a port of entry in a coastal country established as a storage and distribution center for the convenience of a neighboring country without adequate port facilities or access to the sea. It is so administered that goods in transit to and from the neighboring country are not subject to the customs duties, import controls, or many of the entry and exit formalities of the host country. The terms "entrepot," "free zone," and "free transit zone" are sometimes used in place of "transit zone" as defined above.

A number of transit zones have been established under bilateral treaties between the gov-

ernments of the coastal and neighboring countries; but others have simply been designated by coastal countries for purposes of administrative convenience in distinguishing transshipment cargoes from those intended for local consumption.

In either case the transit zone is a more limited facility than either the free trade zone or the free port. In its most extensive form, a transit zone may consist of a segregated portion of a port with its own piers, sheds, and other facilities. In its more restricted form, the facility may consist only of a single warehouse or shed in the general port area. In some transit zones, customs officials or other authorized agents of the neighboring country that it serves may actually function in the facility and administer it.

In general, transit zones do not permit processing operations. Most authorize only storage and such repacking or other steps as may be essential to insure that the goods reach their final destination in good condition. In some cases the duration of storage is also limited.

## **The Free Perimeter**

A free perimeter is similar to a free port but is generally confined to a remote or underdeveloped region in a country. In contrast to free ports which are usually intended to stimulate or facilitate international trade or at least generate some form of foreign exchange earnings, free perimeters function primarily to serve local consumption requirements that cannot be supplied conveniently through the usual domestic commercial channels.

Most free perimeters are not completely "free" from tariff and other import control mechanisms. More generally they offer only a reduction from the level of tariffs in force elsewhere in the country or permit the importation of a limited number of items on a free or reduced duty basis or subject to fewer import controls than would be applied elsewhere. Many free perimeters confine their customs-privileges to imports such as foodstuffs and medicines, capital goods, and urgently required consumer items. The laws and regulations governing business activity in a free perimeter will usually be the same as those applicable elsewhere in the country.

## Special Customs-Privileged Facilities

The term "special customs-privileged facilities" has been devised for use in this publication to describe the systems employed by some countries that do not maintain delimited areas to facilitate international trading operations but which offer comparable advantages to traders. The means employed are usually liberal customs procedures for temporary entry and an extensive network of sheds, bonded warehouses

and other storage areas. Such systems frequently accord users a high degree of flexibility.

In general, these facilities permit the entry and storage and reexportation of imported goods without the payment of customs duties and under minimal customs formalities. Customs duties become payable, however, if the goods are released from storage for use or consumption in the local market. Depending on the facility and the type of goods, bond or other security may or may not be required. In some cases, processing, assembly and manufacturing operations may be carried on.



## Advantages of Using Customs-Privileged Facilities

Well-located, well-equipped, and well-administered customs-privileged facilities can offer substantial benefits to international traders. They can provide a better means of handling old business and facilitate the establishment of new business. In some cases, they can accommodate trade activity that might not otherwise be possible, particularly for the transshipment, re-exportation and staging of goods for later shipment across national or customs boundaries. As a rule, the more liberal such facilities are, the greater the possible advantages may be.

Briefly stated, these advantages take the form of reductions in capital outlay and operating costs, increased convenience and opportunities for innovation and flexibility. They result from a combination of the customs privileges accorded with the freedom of activity and disposal permitted. They will be obtainable to a greater or lesser degree in any customs-privileged facility, depending upon the laws and regulations that govern its use, the internal facilities available and the economic environment surrounding it.

Most customs-privileged facilities can be used for two quite different marketing processes. One is the consignment, transshipment and re-exportation of merchandise to market outlets near the host country. The other is the temporary storage of dutiable goods for eventual importation into the customs territory of the host country. The advantages to be gained may differ accordingly.

### Free Trade Zone Advantages

Since the free trade zone is the prevalent form of customs-privileged facility of limited area, the specific possible advantages of using customs-privileged facilities are described within the free trade zone framework. This type of facility is defined and its general characteristics are outlined in the preceding section. The advantages commonly associated with the use of free trade zones are as follows:

#### Financial Benefits

- Funds are not tied up in the payment of customs duties, import taxes or the posting of bond or other security while goods are held within a zone.
- Host country duties and taxes do not become payable if goods are subsequently transshipped, reexported or destroyed within a zone. Funds are not tied up pending drawback payments, tax refunds or the discharge of bond.
- Host country duties and taxes on foreign goods intended for domestic consumption are levied only at the time of their actual transfer from the zone and on the quantities actually transferred. Funds for customs duty and tax payment need not be disbursed therefore until the goods have been sold or local market conditions appear conducive to their sale, and withdrawal or delivery outside of the zone takes place; moreover, since withdrawal and duty assessment are not generally confined to full lots

or shipments, but can be made for any quantity of goods and in any frequency at the option of their owner, customs duty and tax payments can be adjusted to the market activity of the goods.

- The processing of foreign goods in a free trade zone can sometimes result in savings on host country duties and taxes by providing a different basis for duty assessment. Although foreign goods introduced to a country through a free trade zone on its territory are usually assessed customs duties and taxes at the same rates applicable to like goods imported directly from abroad, a free trade zone can usually be used for the removal of moisture, dirt, culls, other waste, and substandard or damaged articles prior to actual customs entry. Such processing can result in substantial savings, particularly where duties are levied according to specific (quantity) rather than *ad valorem* (value) rates. Similarly the use of a zone for the storage of goods subject to loss of weight, shrinkage or evaporation over a period of time (e.g., alcohol) can sometimes result in a lower basis for duty assessment. Occasionally non-industrial processing operations such as drying, roasting, sorting, blending, packaging, etc., undertaken in a free trade zone can result in placement of the goods in a tariff classification or category different and possibly more advantageous than that which would have been applicable if the goods had been entered directly.

- The products of industrial type operations (assembly, manufacturing, etc.) undertaken in free trade zones frequently enjoy considerable duty and tax advantages over comparable wholly foreign made products when introduced for use or consumption in the customs territory of the host country. Sometimes duties and taxes are calculated by deducting the amount of value added through the use of local labor and components from the duty normally assessed. Sometimes duties and taxes are assessed on only the actual foreign components contained in the final product. In a few cases customs duties may be entirely waived. Where the final product can be considered as substantially manufactured within a free trade zone, the host country may be willing to issue a certificate of origin thereby entitling the goods to free circulation or preferential entry into third country

markets. This advantage can be particularly important in customs unions and common markets.

- Host country excise tax refunds, export incentive provisions and drawback payments usually apply as soon as domestic goods and duty-paid foreign goods are brought into a free trade zone pending export. They are considered exports when they enter the zone; payments need not be delayed until they actually leave the country.

- Ocean transportation costs can frequently be lowered by shipping goods in bulk quantities to a free trade zone for repacking there. Unassembled furniture, machinery, etc., are also often cheaper to ship than complete items; they can usually be assembled in a zone at or near their market.

- Loans to finance local operations are generally obtainable because goods held in a free trade zone can be used as collateral. The administering authority of a zone will usually issue warehouse receipts or other certification concerning the goods.

- The use of local materials in either manufacturing or processing operations (e.g., for packaging) can sometimes result in cost savings and give the product a price advantage over wholly foreign produced items. Where such goods are intended for sale in the local market the nationality of the local components can usually be retained and customs duty payment on them avoided.

#### Increased Convenience

- Since there is no limit on the amount of time during which goods may be held in a free trade zone, this type of facility is particularly useful as a storage place in which to hold foreign goods which require aging or which are not affected by lengthy storage or in anticipation of a rise in prices.

- A free trade zone may be a better place for the packaging, marking and labeling of goods in accordance with local consumer preferences e.g., size, shape, color, type of lettering, etc., than the factory production line in the country of export. Local marketing consultants can be conveniently employed and marketing adjustments easily made.



- Goods which do not meet local marking and labeling requirements (e.g., metric measure specifications) may be marked and re-labeled in a free trade zone to meet such requirements.
- Similarly, goods which do not meet local sanitary requirements can sometimes be reconditioned or upgraded in a free trade zone to the level necessary for entry.
- The use of a free trade zone at or near a final market as a distribution and storage point can considerably reduce the time-lag between order and delivery and thereby strengthen a foreign supplier's competitive position in the local market. New inventory and spare parts can be released from storage in accordance with local market demand. Improved local delivery schedules can be met and there are likely to be fewer disruptions arising from delayed ship arrivals, lack of cargo space availability, etc.
- A free trade zone permits prospective buyers actually to see and take samples of goods stored there. It permits the seller to display and actually to sell his goods rather than merely take orders.
- Ship chandlers and other firms doing primarily export and reexport business may operate most advantageously from a free trade zone where duties and taxes do not affect their business.
- Goods in excess of quota may in some cases be stored in a free trade zone pending the issuance of additional quota allocations. After issuance of such quotas the goods may be marketed in the host country without delay. Goods intended for reexport to other countries may usually be stored and processed without reference to host country quotas.
- In many free trade zones the charges for storage or lease of facilities are published and may be less likely to fluctuate than those in other areas of national territory.
- A well-organized free trade zone is likely to have within its confines a variety of services for international traders. They might include international post, telephone and telegraph services, shipping agents and booking offices for inland transport, banks with foreign exchange and transfer departments, freight forwarding agents, etc.
- The owner of the goods or his agent usually has freer access to them in a free trade zone than would be the case in many bonded ware-

housing facilities. Neither his time nor his funds are consumed in waiting and paying for the presence of a customs official when he desires to see the goods, perform operations on them, or enter or remove them from their storage place.

- Facilities usually exist in a free trade zone under which foreign goods may be received or released in accordance with the supplier's instructions. In some cases various types of processing will also be carried on in behalf of the supplier. Such services may be performed either by the administering authority or independent warehouse operators and freight forwarders within the zone.

### **Flexibility and Innovation**

- The choice of destination for foreign goods is less limited in a free trade zone than would be the case in other areas of national territory. Usually they may either be sold into national customs territory or be transshipped to another country. Destination need not be decided until delivery contracts are concluded. When goods cannot be profitably sold into national territory or other nearby markets they may be dispatched elsewhere.
- Goods can be stockpiled in a free trade zone pending an anticipated increase in price level or quota changes and released when advantageous.
- Quotations on foreign goods can be calculated more closely from a free trade zone at or near the ultimate market than from the country of supply because exact per unit ocean transportation and insurance costs are known by the time goods arrive in the zone and allowance can be made for damage, breakage or inferior quality.
- Merchandise can be released into national territory or reexported in quantities or lots that are larger or smaller than the original shipments. It can be repacked into larger or smaller containers in accordance with market conditions. Large lots can be broken down into smaller packages and removed from the zone as sales are completed.
- Damaged merchandise can be stored in a free trade zone pending decision as to its sale or salvage. Salvage operations may be permitted within the zone.
- Domestic materials may be mixed or consolidated with imported merchandise and subse-

quently marketed inland or abroad in any combination that will best serve the needs of the market. Both procurement and distribution can be better adjusted to supply and demand factors.

- For industrial operations, raw materials,

components, and semi-processed goods of both foreign and domestic origin can be combined to achieve a marketing advantage over either wholly foreign or wholly domestic produced goods.

# Chapter 4

## When to Consider Using a Free Trade Zone

Generally speaking, the costs of doing business in a free trade zone will be comparable with those in the surrounding territory. Harbor transportation costs, handling charges and storage fees are not likely to differ from one side of a customs fence to the other. Labor, construction and plant costs will also tend to approximate those outside the free trade zone. However, some free trade zones permit the duty-free importation of capital goods intended for use within the zone itself, thereby lowering plant costs.

Thus, the primary purpose of using a free trade zone is to carry out commercial activities on a free trade basis in an area that is strategically located with respect to a foreign customs territory. Such opportunities occur principally, but not exclusively, under the following conditions:

- When the duration of storage is uncertain or prolonged.

- When the ultimate destination of export goods is uncertain.
- When large export shipments are to be repacked and entered in smaller lots.
- When the processing of merchandise can result in a savings in duties or transportation onward (e.g., through weight reduction).
- When merchandise for importation is subject to high rates of duty relative to sales.
- When merchandise is subject to quota.
- When merchandise must be marked, relabeled or upgraded to meet local entry requirements.
- When foreign merchandise eligible for drawback is destined for reexport.
- When manufacturing based on the use of wholly or partly foreign materials is undertaken for sale in export markets or in both local and reexport markets.

# Chapter 5

## What to Look for In a Free Trade Zone

To be of substantial use to an international trader, a free trade zone should meet three basic qualifications. It should be well-located, well-equipped, and well-administered.

The location of the facility must be such that it can easily serve one or more markets of sufficient size to support a zone-based operation. The international and local transportation services which link the zone with both suppliers and markets are an important aspect of location. As a rule, the more frequent and varied such services are, the more flexible any zone-based operation can be and the greater the number of markets it can serve.

The facilities inside a free trade zone should be adequate for the needs of zone users and comparable with similar facilities outside the customs fence. Buildings, open and covered storage

areas, utilities, and cargo-handling equipment should be available at reasonable rates and be in good repair. Similarly, the services offered within the zone (e.g., public warehousing and freight forwarding) should be comparable in quality and cost to those operating outside the zone.

The free trade zone should be administered efficiently. From the point of view of the zone user, this means that administrative restrictions and controls should be kept to a minimum, that expeditious procedures for the processing of documents and the entry, dispatch and customs clearance of goods should be employed, that shipments should be adequately protected from damage or theft while in the zone, and that charges should be comparable with those of competing facilities outside the zone.



# Chapter 6

## Where to Obtain Background Information

The same types of economic information that would be useful in considering the feasibility of doing business in a foreign country without reference to using a free trade zone will be required. Basing operations in a zone or related facility may be of considerable aid in surmounting trade restrictions, cutting costs, distributing products locally, etc., but essentially the same economic and marketing characteristics will affect such operations as those carried out on the other side of a customs fence. Factors to be considered in this regard include the labor, tax and business laws and economic climate of the host country and nearby countries, the size, wealth, and preferences of the market, the activities of competitors, etc.

The Department of Commerce publishes a number of reports on the economies of individual countries, their marketing characteristics and some specific product studies. They are listed by title and subject and their prices given in a semi-annual *Checklist of International Business Publications*, available without charge from the U.S. Department of Commerce, Sales and Distribution Branch, Washington, D.C. 20230 and from Department of Commerce Field Offices. Non-governmental sources such as banks, shipping and airline companies, and freight forwarders frequently can provide useful information.

The attractiveness of any free trade zone or related facility as a base for international business operations will depend in large measure on the tariffs and trade regulations of the host country and those of nearby market areas and also on the laws and regulations applicable to the zone itself. A potential user should be thoroughly familiar with both.

General information on the trade regulations of most countries in the world is regularly published by the Department of Commerce. It is contained in the Overseas Business Report series, "Foreign Trade Regulations of (country)." These publications are cited in the *Checklist* mentioned above and are obtainable at nominal cost. Specific information on the tariffs, taxes and import controls imposed on a given commodity by an individual country will be furnished upon request by the Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D. C. 20230. Any request should contain a full description of the product.

The laws and regulations pertaining to individual free trade zones are summarized in Part Two of this publication. Where known, full citation to text is given. In most cases, copies or summaries will be available from the administering authority of the particular zone.

# Chapter 7

## Factors Affecting the Establishment Of Free Trade Zones; Some Current Trends

In the past, most free trade zones and related facilities had as their primary purpose the storage and transshipment of foreign goods intended for neighboring countries. They were usually established by coastal countries in seaports that had direct access to major overseas trade routes and that handled or were believed likely to handle substantial volumes of third-country traffic. When trans-oceanic shipping services were slow, sailings infrequent, and calls seldom made at secondary ports, the use of such intermediate transshipment points was often essential.

In recent years, the importance of this function in many free trade zones has undergone a relative decline. The size of markets and the volume of shipments have generally increased, and fast, frequent and direct shipping services between countries of origin and countries of destination have generally become available. As a consequence, a large number of free trade zones have become primarily import-serving facilities; most of the foreign shipments they receive subsequently enter the customs territory of the country in which they are located. However, there are some indications that improved transportation technology such as containerization may in the future restore the transshipment function of certain free trade zones.

### Trade Is Expedited

In most cases, free trade zones and related customs-privileged facilities do not create or

generate trade. Rather, they tend to facilitate, expedite and sometimes promote the conduct of trade that is economically feasible for an area. In a sound economic setting, they can provide the means for trade and related activity that might otherwise not be possible.

These facilities are generally of greater direct benefit to business firms than to the countries that sponsor them. Although a free trade zone or related facility can be subsidized or permitted to operate at a loss in order to provide a convenience in a port, to cut down on inspection costs and control procedures for transit and reexport goods, to provide local labor with jobs, etc., most are intended to be economically viable or self-supporting.

One very important factor contributing to the ability of a zone to be self-supporting is the number and size of markets to which it affords access. These markets, in turn, are usually determined by the geographical location of the country and city in which the facility is located and by the presence of competition, e.g., bonded warehouses and nearby zones. Even with these conditions favorable, the volume of business likely to be carried on in a zone will depend upon the establishment of an environment conducive to its use. The essentials include the selection of a site which has convenient access to both international and inland transportation (usually a portion or the whole of a major port or airport), the promulgation of legislation or regulations which will permit a wide range of operations, provision of ade-

quate internal facilities (warehouses, storage areas, security safeguards, handling equipment, etc.), and the adoption of efficient administrative procedures under which goods can be entered, dispatched and cleared expeditiously.

### **Imports Are Facilitated**

As noted above, however, many of the free trade zones presently in operation have turned out to be vehicles for facilitating imports. The greater part of the foreign merchandise brought into such a zone is subsequently transferred into the customs territory of the host country. The role of facilitating imports which characterizes these zones is to be distinguished from the role of "reexport" where much of the merchandise brought into a zone is stored, processed, or manufactured before reexport or transshipment to nearby countries. The import facilitation role is usually attributed to vastly expanded and improved transportation facilities serving nearby countries and to the spread of industrial technology and capability which has reduced the importance of traditional intermediate storing and processing areas.

Alteration of this pattern on any appreciable scale, particularly by a new free trade zone, appears to demand a strategic geographic location and a stable national political and economic climate, as well as the presence of the conditions mentioned above.

### **Newly Organized Zones**

Newly organized zones which have succeeded in establishing a volume of reexport business in recent years are located at the convergence points of heavily-used international sea and air routes. They have had the benefit of developed commercial sectors, an abundance of skilled, relatively low-cost labor, and exercised minimal regulatory controls over business and foreign exchange operations. Moreover, they have extended to zone users tax incentives additional to customs privileges in the form of tax holidays for manufacturers and whole or partial tax exemption on sales abroad. It might be noted that the technique of granting such fiscal incentives to zone users has been adopted by a number of countries which have recently established zones intended to promote manufacturing for export.

"Import zones," while less successful in terms of promoting new trade and employment, can serve useful purposes by speeding up the han-

dling, processing, and eventual customs clearance of merchandise for import. Many if not most of the free trade zones in developed, industrialized countries are in this category.

Few countries possess the special characteristics apparently needed for "reexport zones," while many of the less developed countries find the establishment of "import zones" to be out of line with their development priorities. However, in recent years there has developed an adaptation of the free trade zone concept, intended to foster manufacturing (based on imported components or raw materials) for export, and which has been employed by several less developed countries. This is the "export processing zone," an industrial site surrounded by a customs fence in which duty free entry privileges are restricted to the raw materials and components and usually, capital equipment and supplies required by users of the zone. Location in such a facility is usually limited to export manufacturers and ancillary service enterprises; imports into the host country of either imported materials or finished manufactured items are frequently prohibited. Again, favorable location, regulatory conditions, physical facilities, investment climate and efficient procedures seem to be required.

The development of a successful free trade zone of any of the three types described in the preceding paragraph requires the allocation of substantial resources and the expenditure of considerable administrative effort. Frequently, a lengthy time-lag occurs between initial outlay and realization of benefit. The facility must have a hinterland with sufficient economic resources to support it, and it should be designed for the specific functions and operations required by the business community that will use it. For this reason, any decision to develop such a facility should be preceded by a careful evaluation of the factors involved. These include a realistic appraisal of the market potential of the proposed facility and, if possible, advance survey or solicitation of the views of prospective zone users.

Where the prospective volume of business does not appear to justify the creation of either a free trade zone or an export processing zone, customs-bonded warehousing and manufacturing systems are sometimes satisfactorily utilized and, depending on local regulations, afford many of the advantages of a free trade zone.





# **Part Two**

## **FREE TRADE ZONES AND RELATED FACILITIES OPERATING ABROAD**

# EUROPE



1. Graz, Austria
2. Linz, Austria
3. Solbad Hall, Austria
4. Vienna, Austria
5. Copenhagen, Denmark
6. Hanko, Finland
7. Helsinki, Finland
8. Turku, Finland
9. Bremen, Germany
10. Bremerhaven, Germany
11. Cuxhaven, Germany
12. Emden, Germany
13. Hamburg, Germany
14. Kiel, Germany
15. Gibraltar
16. Piraeus, Greece
17. Thessaloniki, Greece
18. Shannon International Free Airport, Ireland
19. Trieste, Italy
20. Venice, Italy
21. Barcelona, Spain
22. Cadiz, Spain
23. Vigo, Spain
24. Canary Islands, Spain
25. Ceuta, Spain
26. Melilla, Spain
27. Gothenburg, Sweden
28. Malmo, Sweden
29. Stockholm, Sweden
30. Belgrade, Yugoslavia
31. Koper, Yugoslavia
32. Novi Sad, Yugoslavia
33. Rijeka, Yugoslavia
34. Split, Yugoslavia



# Europe

COUNTRY	TYPE OF FACILITY	PLACE
Austria	Free Trade Zone	Graz
	Free Trade Zone	Linz
	Free Trade Zone	Solbad Hall
	Free Trade Zone	Vienna
Belgium	Special Facilities	Major ports and airports
Denmark	Free Trade Zone	Copenhagen
Finland	Free Trade Zone	Hanko
	Free Trade Zone	Helsinki
	Free Trade Zone	Turku
Germany, Federal Republic of	Free Trade Zone	Bremen
	Free Trade Zone	Bremerhaven
	Free Trade Zone	Cuxhaven
	Free Trade Zone	Emden
	Free Trade Zone	Hamburg
	Free Trade Zone	Kiel
Gibraltar	Free Port	
Greece	Free Trade Zone	Piraeus
	Free Trade Zone	Thessaloniki
Ireland	Free Trade Zone	Shannon International
		Free Airport
Italy	Free Trade Zone	Trieste
	Free Trade Zone	Vienna
	Special Facilities	Bari, Genoa, Imperia, Leghorn, Naples, Palermo
The Netherlands	Special Facilities	Major ports and airports
Spain	Free Trade Zone	Barcelona
	Free Trade Zone	Cadiz
	Free Trade Zone	Vigo
	Free Ports	Canary Islands, Ceuta, and Melilla
	Special Facilities	Algeciras, Alicante, Bilbao, Huelva, La Coruna, Las Palmas, Malaga, Pasajes, Santander, Seville, Valencia
Sweden	Free Trade Zone	Gothenburg
	Free Trade Zone	Malmo
	Free Trade Zone	Stockholm
Switzerland	Special Facilities	Major cities
Yugoslavia	Free Trade Zone	Belgrade
	Free Trade Zone	Koper
	Free Trade Zone	Novi Sad
	Free Trade Zone	Rijeka
	Free Trade Zone	Split

# Chapter 3

## Free Trade Zones and Related Facilities in Europe

### Austria

**Austria has four free trade zones located in Graz, Linz, Solbad Hall and Vienna.**

Austria, because of its location, functions as a gateway for trade and commerce between northern and southern Europe and between eastern and western Europe. The country, which is land-locked, has a population of about 7.3 million. It is bordered by Yugoslavia and Italy on the south, Switzerland on the west, the Federal Republic of Germany and Czechoslovakia on the north, and Hungary on the east. Austria straddles the Danube River, which serves as a major water transportation artery.

Austria is a member of the European Free Trade Association (EFTA) and has recently expressed interest in association with the European Economic Community (EEC or "Common Market"). Austria is also signatory to the General Agreement on Tariffs and Trade (GATT).

The Austrian Customs Bill of 1955 is the legislation authorizing the establishment and operations of the free trade zones in Austria. Its provisions are applicable to the four free trade zones.

#### Free Trade Zone in Graz

##### Location

The free trade zone is located in Graz, the

capital of the Province of Styria in southeastern Austria. Although about three-quarters of the land area of Styria's 6,300 square miles are wooded or agricultural, some 11 percent of Austria's industrial enterprises are located in the province, concentrated primarily in and around the city of Graz. Iron ore deposits are mined in the northern part of the province. The population of Styria is about 1,165,000, of whom about 252,000 live in Graz.

Graz is situated on rail and highway routes that cross Austria. It functions as a transshipment center for trade between the western European countries and Yugoslavia, Hungary and other countries of southeastern Europe. Overland transportation links Graz with the nearest maritime ports of Trieste in Italy, and Rijeka in Yugoslavia.

##### Authorized Operations

Foreign products may be brought into the free trade zone without the payment of customs duties. Duties are collected only if the goods are imported into the customs territory of Austria from the free trade zone. Upon entry into the customs territory, goods are subject to duties which may be determined either on the basis of their condition upon entry into the free trade zone or upon withdrawal, at the option of the importer. If products produced or manufactured in the zone from domestic and foreign component materials are imported into the customs territory of Austria, import duties are levied only on the value or quantity of foreign components utilized in such products. Any

Austrian materials or accessories which are used in production remain free of duty. Foreign capital equipment brought into the free trade zone for use within the zone and foreign consumer goods destined for consumption in the zone are subject to customs duties and taxes upon entry.

Products brought into the zone may be stored, processed, manufactured, and packed without the payment of customs duties.

Certain tax advantages are granted to firms operating in the zone. Austria has a system of so-called turnover taxes beginning at the manufacturing level and assessed each time the goods change hands. The system is applied to all processes undertaken in Austria. The free trade zone is treated as foreign territory with regard to the application of turnover taxes. Deliveries and other operations undertaken within the free trade zone are not subject to turnover taxes. An Austrian certificate of origin may be obtained for foreign goods processed in the free trade zone if such goods have been increased in value by at least 33 1/3 percent by the processing. If the value of foreign goods is increased by 50 percent or more, or through one of the processing methods authorized under the EFTA Treaty, an EFTA certificate of origin may be obtained for finished products to be shipped from the zone to another EFTA country. Goods covered by such certificates can enter any EFTA country free of duty.

#### **Restrictions and Controls**

Regulations, e.g., fire and health, applicable to storage and handling of goods in Austria are also applicable to the free trade zone.

#### **Facilities Available**

Space available for open storage is approximately 110,000 square feet; there is a covered storage area of about 65,000 square feet.

#### **Administering Authority**

The free trade zone at Graz is operated by *Zollfreizonen-Betriebsgesellschaft m.b.H.* (Free Zone Management Company, Ltd.), a limited partnership established in 1958. The partners include important industrial enterprises and local government agencies.

#### **Mailing Address:**

Zollfreizonen-Betriebsgesellschaft m.b.H.  
Bahnhofguertel 59  
A-8020 Graz  
Styria, Austria

### **Free Trade Zone in Linz**

#### **Location**

The free trade zone is situated in the port of Linz, in northwestern Austria. The port, located on the Danube River, is one of the leading Danube transshipment ports in Austria. It provides access to southern Germany, Czechoslovakia, Bulgaria, Hungary, Rumania, and Yugoslavia. It is located near an autobahn which connects Linz with Vienna and Salzburg. Its location also gives it convenient access to major railroad routes.

The city of Linz, the capital of the Province of Upper Austria, is a transshipment center for western and eastern European trading nations. The industry of both the city and the Province is, to a large extent, involved in exporting. There are in the Linz area important iron and steel producing and manufacturing plants, aluminum, chemical, asbestos, and textile plants. About 15 percent of Austria's industrial enterprises are located in Upper Austria. The population of Linz is about 205,000; the province has about 1,170,000 people.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone in Graz.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone in Graz.

#### **Facilities Available**

The free trade zone has about 1,020,000 square feet of open storage space. There are about 425,000 square feet of covered space in warehouses and sheds, 59,000 square feet of refrigerated warehouse space, and an office



building with 39,000 square feet of space. The free trade zone has a six-floor industrial building with about 136,000 square feet of ground space for manufacturing enterprises, and assembly workshops totaling about 58,000 square feet. The zone is equipped with modern handling, loading, and unloading facilities.

#### **Administering Authority**

The free trade zone at Linz is operated by an independent corporation, *Oesterreichische Zollfreizonen-Betriebs-A.G.* (Austrian Free Zone Management Company). Its shareholders include the municipality of Linz, the provincial government of Upper Austria, and one of the largest nationalized banks of Austria.

#### **Mailing Address:**

Oesterreichische Zollfreizonen-Betriebs-  
A.G.  
Stadthafen  
A-4020 Linz  
Upper Austria, Austria

### **Free Trade Zone in Solbad Hall**

#### **Location**

The free trade zone in Solbad Hall is in western Austria, approximately five miles east of Innsbruck in the Province of Tyrol. Solbad Hall is situated on the main east-west rail and highway route, Arlberg-Innsbruck-Salzburg-Linz-Vienna. It is on the main arterial road from France and Switzerland to Vienna and Eastern Europe, and from Scandinavia, Western Germany, and the Benelux states to Italy and the rest of the Mediterranean area.

The Province of Tyrol, with land area of about 4,900 square miles, is mainly mountainous including heavily wooded terrain, numerous mountain pastures, farms, ski resorts, glaciers and barren areas. A few industrial plants are located in the valleys. Tyrol has a population of 483,000, of whom about 109,000 reside in Innsbruck.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone in Graz.

Special facilities have been provided at the free trade zone in Solbad Hall for companies involved in the processing and trade in wines and beverages, and certain advantages may be granted to such companies using the zone. For example, blending of foreign wines or of domestic wines brought into the zone may be carried out without the authorization of customs authorities.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone in Graz.

#### **Facilities Available**

Open storage space in the free trade zone includes about 550,000 square feet. Covered storage includes approximately 290,000 square feet. There is a ten-story warehouse, which provides facilities for the storage of heavy goods, bulk articles, automobiles, and wines and other beverages. Tank storage for wines and spirits has a capacity of 350,000 U.S. gallons. In addition, there is room for warehousing beverages in transportable barrels and in bottles. Filtering plants are available for the treatment of stored beverages. Warehouse space may be rented, and industrial building sites where foreign firms may erect their own facilities are available in the free trade zone.

#### **Administering Authority**

The free trade zone at Solbad Hall is administered by a limited partnership established in 1955, *Tiroler Zollfreizonen Betriebsgesellschaft m.b.H.*, (Tyrolean Free Zone Management Co., Ltd.), which includes among its partners the provincial government of Tyrol, the municipalities of Solbad Hall and Innsbruck, the Tyrol and Venice Chambers of Commerce, the Austrian Credit Institute, and several forwarding, manufacturing, and trading firms.

#### **Mailing Address:**

Tiroler Zollfreizonen Betriebsgesellschaft  
m.b.H.  
A-6060 Solbad Hall  
Tyrol, Austria

Information on conditions and charges for storing goods in the free trade zone is contained in *Conditions for Storing Goods in the Tyrolean Custom-Free Zone*, a publication obtainable from the administering authority.

## Free Trade Zone in Vienna

### Location

The Vienna free trade zone, opened in 1965 in the Danube harbor area, is the newest of Austria's free trade zones. Vienna, capital city of Austria, is located in the northeastern part of the country and in the midst of its largest industrial concentration. About 35 percent of Austria's industrial enterprises are centered in Vienna itself. The city of Vienna and its surrounding area — the Province of Vienna — have a population of about 1,640,000 and a land area of about 160 square miles.

Vienna functions as a gateway port for trade between western European countries and southeastern Europe. Rail and highway transportation afford access to all parts of Austria and southern Germany. Vienna is also centrally situated on the *Europakanal*, a 2,000-mile waterway currently under construction. At its completion, targeted for 1981, it will link the North and Black seas via the Rhine, Main and Danube rivers, thereby extending the range of Danube shipping to Basel, Strasbourg, the Ruhr area and Rotterdam. Much of this waterway is presently in use.

### Authorized Operations

See section under this heading in the summary of the free trade zone in Graz.

### Restrictions and Controls

See section under this heading in the summary of the free trade zone in Graz.

### Facilities Available

The Vienna free trade zone occupies about 2 million square feet facing on the Danube harbor. Since its opening in 1965, a central warehouse and a new office building have been built. The warehouse provides 367,000 square feet of storage space on eight floors serviced by ten freight elevators. The first three floors are reserved for manufacturing, processing and re-packing operations. The warehouse is directly accessible from railroad cars, riverboats, and trucks. The nine-floor office building accommodates the administration of the free trade zone, as well as the offices of 58 forwarding and trading firms on a total area of 35,000 square feet. In addition to numerous sheds and provisional warehouses, about 324,000 square feet of open storage space are available.

Other facilities include storage space for 5,000 to 8,000 automobiles, car washing and servicing installations, a post office, and a railroad freight station. Several large manufacturing concerns and forwarding firms have built their own warehouses in the zone, which has also become the seat of the European Carpet Exchange. Carpet exporting countries (Afghanistan, Iran, Rumania, Bulgaria, etc.) store their products in the Vienna Free Trade Zone where they meet with prospective buyers from Western Europe. A carpet washing plant is also available. Construction of other facilities, such as a refrigerated warehouse, is in progress.

### Administering Authority

The free trade zone is administered by *Wiener Hafen-Betriebsgesellschaft m.b.H.* (Vienna Port Management Company, Ltd.), a limited partnership including representation from the municipality of Vienna, the Vienna Chamber of Commerce, and Vienna Fair Management, Inc.

### Mailing Address:

Wiener Hafen-Betriebsgesellschaft m.b.H.  
Freudenauer Hafenstrasse 31  
A-1020 Vienna II, Austria



**Belgium has special facilities—a liberal customs law and a system of bonded warehouses which afford many of the privileges and facilities offered by free trade zones and free ports elsewhere in the world.**

The Kingdom of Belgium has an area of 11,775 square miles with a 39-mile seaboard on the North Sea. It is bounded on the north by the Netherlands, on the west and the south by France, and on the east by the Federal Republic of Germany and Luxembourg. With a population of 9.6 million, it is one of the most densely populated countries in the world.

Belgium's economy is predominantly industrial. The industrial sector processes raw and semi-manufactured goods and exports some 70 percent of its output. Belgium is a member of the Belgium-Luxembourg Economic Union, the Benelux Economic Union, the European Economic Community (EEC or "Common Market") and is signatory to the General Agreement on Tariffs and Trade (GATT).

Belgium's transportation network is highly developed. With 2,694 miles of railroad track, it has one of the densest railway networks in Europe. The main Paris-Amsterdam and Paris-Berlin rail routes pass through the Belgian capital, Brussels, and much of the United Kingdom-European trade passes through the ports of Antwerp, Ostend and Zeebrugge for surface transportation to third countries. Belgium also has 7,300 miles of first-class highways and an extensive inland waterway system. Inland waterways, serving most industrial centers, are of greater importance in the domestic carriage of goods than railways. Antwerp, situated 53 miles from the North Sea on the Scheldt River, is the chief Belgian maritime port.

Although special warehouses for the storage or processing of goods intended for reexport or in transit may be established anywhere in Belgium, they are concentrated in port areas. Major warehousing areas are located in Antwerp, Ghent, Brussels, Ostend, Brugge-Zeebrugge, and at the National Airport in Zaventem near Brussels.

Although there are no free trade zones or free ports as such in Belgium, the applicable liberal customs system affords many of the privileges, services, and facilities customarily afforded by free trade zones and free ports elsewhere in the world. Under this system, goods in transit through Belgium or intended for subsequent reexport may be stored in warehouses without payment of customs duties or other taxes, and are subject only to minimal customs formalities. In addition, imported goods intended for manufacture in Belgium and reexport may be admitted on a temporary basis without payment of customs duties or taxes.

### **Warehousing System:**

Depending on type, customs classification, probable duration of storage, and whether or not processing is intended, goods of foreign origin may be placed in one of four types of warehouses without payment of customs duties and taxes. Descriptions of the four types of warehouses and the facilities they afford follow:

**Customs bonded warehouses** (*Entrepôts publics*) are similar to those operated in most countries. This type of warehouse is under the exclusive control of the customs authorities and located on premises belonging to a *commune* (municipality). Goods may be stored for unlimited periods of time without payment of customs duties or other applicable taxes; moreover, import licenses are not required. Storage in customs bonded warehouses is reserved to dutiable goods; however, perishable, bulky, dangerous or highly inflammable goods are prohibited.

In addition to storage, the operations permitted in a customs bonded warehouse include repacking, classifying, sorting, sampling, mixing, blending and similar activities. In most cases, permission to undertake such activities must be obtained from the controller of customs in charge of the area.

**Free transit warehouses** (*Magasins libres de transit*) are reserved for duty-free goods in transit imported from abroad and are not locked by customs. The customs control of these warehouses is limited to casual inspection without previous notice intended to verify the actual presence of the goods.

**Private warehouses** (*Entrepôts particuliers*) are primarily used for the storage of wines and spirits and non-manufactured tobacco. They are also used for goods excluded from storage in customs bonded warehouses (i.e., free goods, bulky goods and dangerous goods) and other goods if space is not available in customs bonded warehouses. The private warehouses are locked by both the user and the customs authorities and are located on private property. They are under customs supervision. A guarantee for import duties must generally be deposited, and goods are checked by customs on arrival. Bottling and mixing of wines and alcoholic preparations are allowed in private warehouses under certain conditions.

**"Fictif" warehouses** (private bonded warehouses) are located on private property under the supervision of the owner, but subject to inspection by customs authorities. The warehouses are neither guarded nor locked by customs. Any depot or defined area such as a factory may be designated as a "*fictif*" warehouse for the storage of specified dutiable goods. These goods are primarily items on which low duties are levied such as raw materials, semi-finished products, materials required in manufacturing or assembly operations, plywood and construction sheets, fuel, vegetable oils, partly manufactured iron and steel products, certain grains, wines, flours, and fruits. Such goods may be stored duty free in "*fictif*" warehouses after a guarantee for import duties is deposited, an import license is presented (if necessary), and verification procedures by customs authorities are completed. Goods may be removed from the "*fictif*" warehouses for internal consumption, for transfer to another "*fictif*" warehouse, or for reexportation. In "*fictif*" warehouses, only fruits may be repacked without restriction; other commodities may be repacked in exceptional cases. No other processing is permitted.

#### **Temporary Exemption System for Manufacturing:**

Raw materials and parts may be temporarily imported into Belgium, exempt from customs duties for manufacturing, processing or assembling purposes if a certain proportion of the goods are to be reexported outside the Common Market. Customs duties are due on the imported raw materials and parts in the proportion that such goods are sold within the common

market. Temporary exemption permits are valid for 1 year and are renewable.

A guarantee (e.g., a bank guarantee) may be required by the customs authorities. After customs examination and presentation of an import license, if necessary, the raw materials and parts are placed at the importer's disposal and they may be privately warehoused anywhere in Belgium.

Similarly, raw materials and parts, whether or not subject to import duties, may be imported into Belgium with temporary exemption, in whole or in part, from the Belgian purchase tax (*taxe de transmission ou de luxe*) for manufacturing, processing or assembling purposes, provided a certain proportion of the resulting products are to be reexported from Belgium. The tax is due on the imported raw materials and parts in the proportion that such goods are sold in Belgium. In certain cases the temporary exemption may be replaced by a payment at the time of importation but the goods, when exported, receive a compensatory credit. The system of temporary imports may be extended to include the importation of goods simply warehoused in Belgium for export purposes.

Inquiries concerning the temporary exemption system should be addressed to the *Administration Centrale des douanes et accises, Ministère des Finances* (Central Administration, Customs and Excise, Ministry of Finance), 59 rue Ducale, Brussels, Belgium.

#### **Administering Authorities—Mailing Addresses:**

Information about warehouse facilities and customs practices in Belgium may be obtained from the following authorities:

##### **Antwerp:**

Stad Antwerpen (City of Antwerp)  
Havenbedrijf, Algemene Directie (General Management for Port Administration)  
Stadhuis  
Antwerp, Belgium

##### **Ghent:**

General Management of the Port  
Vliegтуigelaan 1  
Ghent, Belgium

##### **Brugge-Zeebrugge:**

N.V. Maatschappij der Brugge Zeevaartin-  
stellingen  
(Port Authority of Brugge-Zeebrugge)  
Brugge, Belgium



## Brussels:

S.A. du Canal et des Installations Maritime  
de Bruxelles  
(Canal and Port Facilities Co.)  
Redersplaats 1  
Brussels, Belgium

## Ostend:

Stad Ostende (City of Ostend)  
Havenbedrijf (Port Administration)  
Slijkenssteenweg 1  
Ostend, Belgium

Four Belgian airports, Brussels-National (the largest), Ostend-Middelkerke, Charleroi-Gosselies, and Antwerp-Deurne, have customs facilities permitting the duty-free entry and deposit of goods. Information about the facilities and privileges applicable to the airports may be obtained from:

Regie des Voies Aeriennes (Civil Aviation  
Authority)  
41 Avenue des Arts  
Brussels, Belgium

SABENA (Belgian national airlines)  
35 Rue Cardinal Mercier  
Brussels, Belgium

# Denmark

## Denmark has a free trade zone at Copenhagen.

The Kingdom of Denmark is made up of three distinct geographic areas, namely, Denmark, the Faroe Islands and Greenland. Denmark consists of the Jutland peninsula and about 500 islands in the Baltic Sea, the largest of which is Zealand, where Copenhagen is located. Except for the Jutland peninsula's short southern boundary with the Federal Republic of Germany, Denmark is surrounded by water. It faces the North Sea on the west, the Skagerrak on the north, and the Kattegat, Oresund and Baltic Sea on the east. In all, Denmark has a land area of about 16,620 square miles and a population of about 4.8 million.

Long an agricultural country, Denmark has become highly industrialized in the years since

World War II. Its chief industries are manufacture of machinery and electrical equipment, textiles and clothing, chemicals, food processing and shipbuilding. The country, however, lacks many raw materials and is dependent upon imports to sustain its industry. Owing to its insular character, Denmark relies heavily on water transportation for domestic distribution as well as international trade. Supplementing water transport are 2,160 miles of railroads, and 5,320 miles of primary roads. Denmark is a member of the European Free Trade Association (EFTA) and is signatory to the General Agreement on Tariffs and Trade (GATT).

The legal basis for the establishment and operation of the Copenhagen free trade zone is the Copenhagen Free Port Law of March 31, 1891, as amended by the Free Port Act of March 31, 1960.

## Free Trade Zone at Copenhagen

### Location

Copenhagen is Denmark's capital, principal population center, industrial hub and primary maritime port. It is situated on the eastern coast of the island of Zealand, opposite the Swedish mainland. It faces on the Oresund near the main entrance to the Baltic Sea. This location affords it access to major shipping routes serving northern and central European markets. Water routes connect Copenhagen with all areas of Denmark; additionally, it is served by rail, highway and air transport lines. The Copenhagen metropolitan area has a population of approximately 1.4 million.

The free trade zone is situated in the port of Copenhagen. It is the largest free trade zone in Scandinavia. About 5,000 ships call at the zone annually.

### Authorized Operations

Goods of foreign origin may be brought into the free trade zone without payment of customs duties or other import taxes. Goods remain free of Danish duties while held in the zone, or if subsequently reexported. Duties become payable, however, if goods are removed from the zone for consumption within the customs territory of Denmark.

Authorized operations include storage, sampling, sorting, mixing, marking, repacking, processing, exhibiting, and manufacturing. No contributions or taxes are paid either on the value of the goods held in the zone or on profits made on the sale and purchase of goods when handled for foreign account.

Within the zone, the administering authority — the Free Port Company — has responsibility for cargo control, stevedoring, weighing, measuring and tallying shipments, and internal transportation. Upon request, it will issue warehouse warrants to owners of consignment stocks to enable them or their agents to obtain loans on goods stored in the area.

### **Restrictions and Controls**

The consumption of undeclared dutiable goods within the zone is prohibited. Special restrictions and controls apply to the handling and storage of dangerous or high-value goods.

The establishment within the zone of manufacturing or other processing operations of an industrial character requires the prior permission of the Ministry of Public Works. Prior permission of this Ministry is also required for retail operations within the zone.

### **Facilities Available**

The free trade zone comprises about 215 acres, including a land area of 161 acres. A total of 56 transit sheds and 26 warehouses provide more than 3 million square feet of covered storage space. These facilities include cold stores and special air conditioned and heated warehouses and transit sheds for fresh fruit and other perishables. Although the zone contains grain silos with a storage capacity of about 30,000 metric tons, these facilities are presently under lease and the administering authority does not have additional grain storage capacity to offer. Special exhibit and sales facilities are available to zone users for the display of goods and the solicitation of orders.

The free trade zone has about 26,000 linear feet of quays, with water depths ranging from 25 to 33 feet, and has docking and reception facilities for passenger liners as well as cargo traffic. It is equipped with about 100 dock and mobile cranes, a large fleet of fork-lift trucks

and trailer tractors, and about 17 miles of internal roads and 20 miles of railroad track.

Firms operating within the zone may lease space in buildings belonging to the administering authority or may construct their own facilities on sites leased from the administering authority.

### **Administering Authority**

The free trade zone is administered by the Copenhagen Free Port Company, Ltd., operating under the control of the Ministry of Public Works and wholly owned by the Port of Copenhagen Authority.

### **Mailing Address:**

The Copenhagen Free Port Company, Ltd.  
Copenhagen, Denmark

### **Note:**

In addition to the free trade zone facilities at Copenhagen, the Danish Government operates warehouses as supplementary facilities at Copenhagen, Helsingor, Odense, Aarhus, Horsens, Aalborg and Esbjerg. Goods may be entered, stored and processed in such warehouses without payment of customs duties. Manufacturing, however, is not permitted.

## **Finland**

**Finland has three free trade zones, located at Hanko, Helsinki and Turku.**

Finland, with a land area of 130,000 square miles and a population of 4.7 million, is the fourth largest but one of the most sparsely populated countries in Western Europe. About one-third of its total length lies north of the Arctic Circle. Finland has land borders with the Soviet Union on the east and southeast, with Norway on the north, and Sweden on the west. The southern part of the country is a peninsula surrounded by two arms of the Baltic Sea, the Gulf of Bothnia on the west and the Gulf of Finland on the south.



Traditionally agricultural, Finland has become increasingly urban and industrialized in recent years. Forestry and forest-based industries are the most significant economic enterprises and account for nearly two-thirds of total exports. Finland is a member of the General Agreement on Tariffs and Trade (GATT), of the Organization of Economic Cooperation and Development (OECD) and an associate member of the European Free Trade Area (EFTA).

Internal transportation is well developed in the central and southern parts of the country. Railroads connect major cities and agricultural areas, and in recent years, emphasis has been placed on improving and extending the road network as well. Finnish railroads and highways link with those of the Soviet Union. International maritime transportation is performed by Finnish and foreign carriers. Major Finnish maritime ports are Helsinki, Kotka, Turku, Hanko, Hamina, Pori and Maarianhamina. International air transportation is performed by the national airline, Finnair, and by a number of major foreign carriers.

The establishment of free trade zones in Finland is a comparatively recent development. Pursuant to authorization from the Finnish cabinet, the zone at Hanko was opened in 1961 and the zones at Helsinki and Turku in 1965. These zones are locally administered; however, their operations are subject to the supervision of the National Board of Customs of the Ministry of Finance. Storage and handling charges are set by Government decree.

## **Free Trade Zone at Hanko**

### **Location**

The port of Hanko (Hango), southernmost maritime port on the Finnish mainland, is situated near the tip of the Cape of Hanko which juts out from the southwestern coast of Finland into the Baltic Sea near its entrance to the Gulf of Finland. Hanko has a population of about 8,000. Roads and rail lines link the area with Helsinki, about 100 miles to the east, and other population centers. The Hanko facility, called "Hanko Free Port," is the largest of the three Finnish free trade zones and is situated near the harbor area.

### **Authorized Operations**

Goods of foreign origin may be brought into the free trade zone for storage or processing pending entry into Finland or reexport to third countries without payment of customs duties or the application of most other import controls. Full payment of applicable duties and compliance with other regulations are required, however, if the goods are subsequently entered into Finnish customs territory.

Goods of Finnish origin, or duty-paid foreign goods, brought into the free trade zone are considered exports. Upon entry into the zone, they become eligible for sales tax rebates or drawback payments.

Goods brought into the zone may be stored, broken down from bulk, sorted, mixed, blended, sampled, assembled, inspected, exhibited and repacked. Manufacturing operations require specific authorization from the Finnish Government.

### **Restrictions and Controls**

Merchandise imports prohibited by Finnish customs law, e.g., explosives, highly inflammable substances, or other goods which may be harmful to public health or have an injurious effect upon storage accommodations or other stored goods, are not permitted in the free trade zone.

Additionally, Bank of Finland import payment requirements apply to certain categories of goods (mostly passenger vehicles and consumer appliances) brought into the zone prior to importation into the customs territory of Finland.

### **Facilities Available**

The Hanko free trade zone contains 10.8 million square feet of storage area, including extensive covered space, both heated and unheated. Designated areas have been set aside for assembly and repair operations and for exhibiting. Firms using the free trade zone may rent storage space in warehouses operated by the administering authority, or may lease land for the construction of their own buildings.

The administering authority provides transportation and handling services within the zone.

The services of freight forwarding agents are also available.

#### **Administering Authority**

The free trade zone at Hanko is administered by a joint-stock company, *Oy Suomen Vapaasatama* (Free Port of Finland, Ltd.). The municipality of Hanko holds 15 percent of its capital stock while the balance is held by various commercial enterprises or associations.

#### **Mailing Address:**

Managing Director  
Oy Suomen Vapaasatama  
Hanko, Tulliniemi  
Finland

### **Free Trade Zone at Helsinki**

#### **Location**

Helsinki is the largest city, principal port and capital of Finland. With a population of 560,000 Helsinki is situated on the southeastern coast facing the Gulf of Finland. Railroads and highways connect the city with other parts of Finland and the Soviet Union. There is regularly-scheduled rail and motor transport service between Helsinki and Leningrad and Moscow. Helsinki is also the site of Finland's major international airport. The free trade zone is made up of a section of the City of Helsinki Port Authority's premises.

#### **Authorized Operations**

The customs treatment accorded goods brought into the free trade zone at Helsinki is the same as that described in the section under this heading in the summary of the free trade zone at Hanko.

Goods brought into the Helsinki zone may be stored, broken down from bulk, sorted, mixed, blended and sampled. Assembly, manufacture or fabrication of goods in the zone requires specific permission from the national government.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Hanko.

The Helsinki zone does not permit display, retail sales or open public offer of goods held within its confines. In practice, manufacture, fabrication and assembly operations are also precluded because of limitations of space.

#### **Facilities Available**

The Helsinki free trade zone is made up of four areas of the City of Helsinki Port Authority's Storage and Quay Goods Control Service. Two buildings provide about 70,000 square feet of space for storage and other operations. Open space presently amounts to approximately 800,000 square feet and incorporation of an additional open area of almost 200,000 square feet is planned.

#### **Administering Authority**

The free trade zone is administered by *Helsingin Kaupungin Vapaavarasto* (Helsinki Municipal Free Port Authority).

#### **Mailing Address:**

Helsingin Kaupungin Vapaavarasto  
Satamalaitos  
Etelaranta 10  
Helsinki, Finland

### **Free Trade Zone at Turku**

#### **Location**

Turku is situated on the southwestern coast of Finland near the entrance to the Gulf of Bothnia. With a population of more than 140,000, it is the third largest city in Finland and the second largest port. The port has regular maritime cargo service to and from most ports in Western Europe. It is also an important rail hub and the terminus of major highways from the north and east. The free trade zone is located in the port area, but does not have immediate access to docking facilities.

#### **Authorized Operations**

The customs treatment of goods is the same as that described in the section under this heading in the summary of the free trade zone at

Hanko; the types of operations authorized in the zone are the same as those described in the section under this heading in the summary of the free trade zone at Helsinki. Industrial operations are permitted only with specific permission from the national Government.

#### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Hanko. The Turku zone does not permit display, retail sales or open public offer of goods held within its confines.

#### Facilities Available

The Turku zone has an area of 10 acres; an enlargement to 30 acres is planned. Covered facilities consist of a 700,000 cubic-foot warehouse. Space, both heated and unheated, is available for rent in the warehouse, or firms may construct their own facilities on leased land.

Freight forwarding services are available through resident freight forwarding agents. By special agreements with the shipper, the administering authority also may act in the capacity of consignee (without taking title to goods) and release them in accordance with the shipper's instructions.

#### Administering Authority

The Turku free trade zone is administered by a joint-stock company, *Turun Vapaavarasto Oy* (Turku Free Port, Ltd.). One-third of its ownership is held by the City of Turku, and the remainder by private corporations. Foreigners may also hold stock in the company.

#### Mailing Address:

Managing Director  
Turun Vapaavarasto Oy  
Turku, Finland

## Federal Republic of Germany

**The Federal Republic of Germany has six free trade zones. They are located at Bremen, Bremerhaven, Cuxhaven, Emden, Hamburg and Kiel.**

The Federal Republic of Germany borders Denmark and the North and Baltic Seas in the north, and Switzerland and Austria in the south. Bordering on the east are East Germany and Czechoslovakia, and on the west France, Luxembourg, Belgium and the Netherlands. The Federal Republic, including West Berlin, has a land area of 95,929 square miles and a population of 60 million.

The German Federal Republic is largely urban and heavily industrialized. Foreign trade is highly important to its economy, accounting for some one-third of its gross national product. As a world trader, the country ranks second only to the United States. It is a member of the European Economic Community (EEC or "Common Market"), and is signatory to the General Agreement on Tariffs and Trade (GATT).

Germany's transportation network is well developed. There are approximately 21,000 miles of railroads and 100,000 miles of classified highways including an extensive autobahn system which interconnect all points and extend to the borders to link with the transportation systems of neighboring countries. Inland waterway transport also is important in international and domestic commerce. The principal inland water arteries are the Rhine River and its tributaries and a network of canals which links the Ruhr area in west-central Germany with the North Sea ports. Numerous international maritime carriers serve eight major seaports. International air transportation is handled at nine commercial airports in the Federal Republic and at the two airports in West Berlin.

The Federal Republic's free trade zones, which in German are called *Freihafen* (free ports), have been long-established. Although some trace their history back to medieval times as "free cities," their modern form developed



after the unification of Germany. Legal sanction for their activities has been incorporated into the customs law and regulations.

## Free Trade Zone at Bremen

### Location

Bremen is an industrial and port city spanning both banks of the Weser River approximately 67 miles upstream from the North Sea. It is the second largest and southernmost of Germany's seaports. It can accommodate most types of ocean-going freighters, but is not accessible to large passenger liners or the larger bulk carriers. Together with the port city of Bremerhaven, some 40 miles downstream it makes up the *Land* (State) of Bremen. The state, with a land area of 156 square miles, is the smallest in the Federal Republic. It has a population of 752,000, of whom more than 603,000 live in the city of Bremen.

In addition to activities related to trade and shipping, Bremen functions as a major industrial complex. Principal industries include aircraft production, electronics, radio and television manufacturing, iron and steel rolling mills, oil refineries, sawmills, wool processing plants, shipyards, tobacco companies, breweries and food processing factories.

International commerce to and from the ports of Bremen and Bremerhaven is served by some 240 shipping companies, which offer more than 550 scheduled liner sailings per month and numerous unscheduled sailings. The city of Bremen also has an international airport. Railroads are the principal means of inland transportation to and from the port. Port facilities include a dense network of railroads and equipment to load directly to and from rail cars. There are frequent rail connections to major production and distribution centers including a daily container train to inland industrial centers. Road and inland water transportation are also available. The Weser River intersects the German canal system making possible the transfer of goods by barge to the area served by the Rhine on the west and the Elbe on the east.

The free trade zone in the port of Bremen has functioned since 1888, when Bremen, formerly a "free city," was incorporated into the

German Customs Union. Today the zone is made up of two distinct areas. The first or traditional "free port," consists of *Europahafen* and *Ueberseehafen*, two port basins in the central part of the harbor on the northeast bank of the Weser. The second, *Neustadter Hafen*, was opened in 1964 and consists of a dock area on the southwest bank of the river. This area is devoted largely to the handling of containerized shipments. The Bremen and Hamburg free trade zones are the most active of such facilities in the Federal Republic of Germany.

### Authorized Operations

Goods of foreign origin may be brought into the free trade zone without payment of customs duties or becoming subject to the usual customs formalities. They remain free of duties while held in the zone or when subsequently transshipped or reexported abroad. Customs duties become payable, however, if the goods are removed from the zone for consumption in Germany. Similar treatment is accorded with respect to the "Import Turnover Tax" (*Einfuhrumsatzsteuer*), i.e., the tax is not levied on foreign goods brought into, held or processed within the zone until such time as they may be removed for consumption in German customs territory. Goods of German origin brought into the free trade zone are considered exports and receive corresponding tax treatment. Goods may be held within the zone for an unlimited period of time.

The principal operations authorized within the zone are: loading, unloading, forwarding, storage, sampling, sorting, dividing, repacking, refilling, marking, labeling and exhibiting. In addition, such processing as may be necessary to prevent damage to or deterioration of goods is permitted. Permissible industrial activities are confined to ship building and repair and such other operations on imported materials as may be specifically licensed by the Federal Ministry of Finance in Bonn. The main criterion for the issuance of a special license is that the proposed activity be to the general benefit of the national economy.

Sales and auctions of merchandise may take place within the free trade zone. They are, however, usually subject to controls designed to prevent unregulated retailing. Ship chandlery



may be carried on with the permission of the customs authorities.

### Restrictions and Controls

With the exception of ship building and repair and specially licensed industries (as noted in the preceding section), manufacturing, assembly, and processing operations are not normally permitted in the free trade zone. Additionally, any operation (including repacking, refilling, sorting and dividing) which would change the customs classification of merchandise to a more favorable category than at the time of entry is expressly forbidden, unless essential to the salvage of merchandise. Both special salvage operations and specifically licensed processing industries are subject to customs surveillance.

The consumption or permanent use within the free trade zone of customs-privileged goods is prohibited. Purchases and sales in small quantities are subject to special regulation.

The renting of long-term storage space in the free trade zone is subject to approval by the customs authorities, and customs officials have the right to inspect long-term storage facilities. Customs approval is also required for the construction of new private facilities.

Special regulations cover the entry, storage and exit of highly inflammable, explosive and unsanitary materials, valuables, works of art, precious metals, money, securities, highly fragile or perishable items, live animals, and goods apt to cause particular difficulty to the free trade zone operators.

### Facilities Available

The traditional free trade zone on the northeast bank of the Weser River (the *Europahafen* and *Ueberseehafen* basins) covers about 455 acres of which approximately 75 percent is land. It provides berthing facilities at quays totaling about 19,500 feet in length. Quayside sheds, used mostly for short-term storage of transshipment cargoes, occupy about 2.2 million square feet, while warehouse space for longer-term storage and processing totals about 1.6 million square feet, including a refrigerated storage plant with floor space of 58,000 square feet. Open storage space amounts to more than 500,000 square feet.

The second area, *Neustadter Hafen*, on the southwest bank of the Weser covers an area of about 148 acres. It has about 5,000 feet of quays, transit sheds with an area of about 710,000 square feet, and open storage space of about 1.1 million square feet. Most of the *Neustadter Hafen* facilities are devoted to the Bremen Container Terminal.

Most of the facilities in the free trade zone, including transit sheds and warehouses, are city-owned and operated by the *Bremer Lagerhaus-Gesellschaft* (Bremen Warehouse Company). Some storage facilities, however, are privately controlled. Space may be rented from the operators by firms wishing to use the zone. Traders may either set up their own operations or engage the services of warehouse companies or other firms operating in the zone. In principle it is possible to erect buildings or other structures within the free trade zone, but in practice space limitations and local custom would probably preclude new private construction.

Customs services are available 24 hours a day. Special provisions have been made by the Bremen customs authorities to expedite the clearance of goods from the zone to inland destinations or in transit to other countries through Germany. These include customs clearance of such shipments within the storage facilities of the zone prior to their actual exit, and for eligible firms, i.e., those which contribute to a customs guarantee fund administered by the Bremen Chamber of Commerce, authorization to remove goods from the zone pending billing for customs duties. Goods shipped from the Bremen free trade zone in transit to other countries through German customs territory are subject to a minimum of customs control.

### Administering Authority

The land and port installations in the Bremen free trade zone are owned and controlled by the City of Bremen. The official of the city government which exercises general supervision over the operations of the zone and port facilities within its confines is the *Senator für Hafen, Schifffahrt und Verkehr* (Senator for Ports, Shipping and Transport). Actual operation and administration of the municipally

owned facilities, including storage warehouses and the Container Terminal, however, have been delegated by the City of Bremen to the *Bremer Lagerhaus-Gesellschaft* (Bremen Warehouse Company). The city holds a controlling interest in this corporation.

Customs surveillance of the free trade zone in the port of Bremen is exercised by the *Hauptzollamt* (Chief Customs Office) for the zone. The *Hauptzollamt* supervises the operations of three customs offices which control merchandise leaving the zone for inland destinations, merchandise in transit through Germany to other countries, and the agency which polices the zone. The customs operation is carried out under the general supervision of the Federal Ministry of Finance in Bonn.

#### **Mailing Address:**

Bremer Lagerhaus-Gesellschaft  
Ueberseehafen  
28 Bremen, Federal Republic of Germany

Senator für Hafen, Schifffahrt und Verkehr  
Kirchenstrasse 4  
28 Bremen, Federal Republic of Germany

Hauptzollamt Bremen-Freihafen  
Hans-Böckler-Strasse 56  
28 Bremen, Federal Republic of Germany

### **Free Trade Zone at Bremerhaven**

#### **Location**

Bremerhaven, with a population of about 150,000, is the Federal Republic's major passenger terminal and commercial fishing port and is also developing container terminal facilities. It is situated approximately 27 miles from the North Sea on the northeastern bank of the Weser River, some 40 miles downstream from Bremen, for which it serves as an outport. Bremerhaven accommodates ocean liners and large bulk carriers which do not have access to Bremen. It has specialized facilities for the handling of bananas, bagged cargo, ammonia, bulk ore and unitized shipments.

The transportation facilities serving Bremerhaven are essentially the same as those at Bremen. (See section under this heading in the summary of the free trade zone at Bremen.) Inland road and rail transportation serv-

ing the port is routed via Bremen, and Bremen's airport also serves Bremerhaven.

Bremerhaven is part of the *Land* (State) of Bremen, and its port facilities are largely owned by the City of Bremen. The free trade zone is located in the port area.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone at Bremen.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Bremen.

#### **Facilities Available**

The Bremerhaven free trade zone covers the major part of the port of Bremerhaven, excluding only the oldest section of the port, unimportant in international trade and shipping activities, and the commercial fisheries port. The zone has a total area of about 1,730 acres, of which about three-fourths is land area. It includes four port basins with a total berthing space of 32,808 feet and an ocean liner terminal, "Columbus Quay," with berthing space of 3,362 feet. Covered storage space in the zone amounts to about 1.1 million square feet, of which about one-fourth has been leased on a long-term basis, while open storage space amounts to about 2.5 million square feet.

Space for storage and other activities in the Bremerhaven free trade zone may be rented from the operators of existing facilities. New construction within the zone may be permitted under contract with the City of Bremen on land leased from the municipality on a long-term basis. Such arrangements are subject to customs approval. Firms wishing to make use of the facilities in the zone may set up their own operations, or engage the services of warehouse operators or other firms operating in the zone.

The same type of customs clearance facilities as at Bremen are available in the Bremerhaven free trade zone. See section under this heading in the summary of the free trade zone at Bremen.



## Administering Authority

The land and port installations of the Bremerhaven free trade zone, with the exception of an ore transshipment port placed in service in 1964, are owned and controlled by the city of Bremen. The Bremerhaven zone operates in the same manner and under the same general jurisdiction as the Bremen zone. See section under this heading in the summary of the free trade zone at Bremen.

Operation of the Bremerhaven zone is also carried out by the *Bremer Lagerhaus-Gesellschaft* (Bremen Warehouse Company) under contract with the city of Bremen. This corporation has a separate Bremerhaven office, *Kajeanstalt Bremerhaven der Bremer Lagerhaus-Gesellschaft*. Customs surveillance is exercised by the *Hauptzollamt* (Chief Customs Office) for the Bremerhaven area.

## Mailing Address:

Kajeanstalt Bremerhaven der Bremer Lagerhaus-Gesellschaft  
285 Bremerhaven-Kaiserhafen  
Steubenstrasse  
Federal Republic of Germany

Hauptzollamt, Bremerhaven  
Kaistrasse  
285 Bremerhaven  
Federal Republic of Germany

Senator fur Hafen, Schiffahrt und Verkehr  
Kirchenstrasse 4  
28 Bremen  
Federal Republic of Germany

## Free Trade Zone at Cuxhaven:

### Location

Cuxhaven is a seaport located near the junction of the Elbe River and the North Sea. It is situated on the southwest bank of the Elbe in the *Land* (State) of Lower Saxony which has an area of 18,200 square miles and a population of about 7 million. However, many of the port installations are owned and administered by *Land Hamburg* (Hamburg State) and it functions as an outport for the port of Hamburg, some 56 miles further upstream on the Elbe River. Cuxhaven has a population of about 45,000.

Cuxhaven serves primarily as a passenger terminal, bunkering facility and commercial fisheries port. Inland transportation is available by rail and truck and the inland waterway routes which are joined to the Elbe. The nearest commercial airport is that of Hamburg. The free trade zone is located in the port area.

## Authorized Operations

The customs treatment accorded goods brought into the zone is the same as that accorded in the other free trade zones of the Federal Republic. See first paragraph of section under this heading in the summary of the free trade zone at Bremen.

The only operation presently authorized within the Cuxhaven free trade zone, however, is storage.

## Restrictions and Controls

See section under this heading in the summary of the free trade zone at Bremen.

## Facilities Available

The free trade zone is made up of two separate areas, totaling about 135 acres. The first consists primarily of the *Amerikahafen* basin and ancillary shore installations in the main harbor area. It includes about 25,000 square feet of covered storage space. Open storage is permitted only for short periods of time during the transfer of goods. No particular space has been assigned for open storage. This portion of the free trade zone area also includes a large passenger terminal, *Steubenhoeft*.

The second area consists of 50 acres to the north of *Amerikahafen*. It is used primarily by fishing craft.

Firms wishing to use the facilities of the Cuxhaven free trade zone may rent space in the warehouse area. All contracts, leases, building modifications and new construction undertaken in the free trade zone area must be approved by the customs authorities.

## Administering Authority

Most of the free trade zone facilities in Cuxhaven are owned and administered by *Land Hamburg* (Hamburg State). Operations are

directed by the *Hamburgisches Hafen-und Bauamt Cuxhaven* (Hamburg Port and Building Authority-Cuxhaven), which is a division of the *Amt fur Hafen und Schiffahrt* (Harbor and Shipping Office) of Hamburg. The smaller northern section of the free trade zone is under the control of *Land Niedersachsen* (State of Lower Saxony).

#### **Mailing Address:**

Hamburgisches Hafen-und Bauamt Cux-  
haven  
Lentzkai  
219 Cuxhaven  
Federal Republic of Germany

### **Free Trade Zone at Emden**

#### **Location**

Emden is situated about 50 miles from the North Sea on the northeast bank of the Ems River. It is a major seaport, specializing in the handling of iron ore, coal, grain, petroleum and bulk goods. It is also the economic center of the East Frisia area. In addition to port-related activities, it has shipbuilding industries, herring fisheries, a large automobile production plant, an oil refinery, and a number of manufacturing plants. Emden, with a population of 47,000, is located in *Land Niedersachsen* (the State of Lower Saxony), which has a total land area of 18,200 square miles and a population of about 7 million.

The port of Emden functions as a major transshipment center for iron ore imported for processing in the Ruhr area and other industrial centers, including the Saar region. About 3,500 ocean-going vessels and 6,000 barges enter the port annually. Emden is linked with the Ruhr through the Dortmund-Ems canal, which intersects the other canal and river systems of the area. Road and rail transportation to all interior points is also available. The international commercial airport nearest Emden is that at Bremen, some 90 miles to the southeast. There is also a small airport in Emden which handles charter services and some scheduled domestic flights.

The Emden free trade zone was established about 1901, and is situated within the port area.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone at Bremen.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Bremen.

#### **Facilities Available**

The Emden free trade zone is made up of *Neuer Binnhafen* (New Inner Harbor), one of the major port basins in the harbor, and adjacent onshore facilities. It covers a total area of 511 acres, of which about 60 percent is land. The free trade zone is used predominantly for the transshipment and storage of ore, coal and coke, although it is also used for the handling of other bulk commodities, and some ship chandlery is carried on.

The length of quays in the free trade zone totals 4,650 feet. Open storage space for ores and coal is about 1.3 million square feet, and there are several smaller open storage areas for other goods. The zone also contains one shed with about 5,000 square feet of covered storage space.

The erection of buildings and other structures inside the free trade zone may be permitted. The required land would have to be leased on a long-term basis from the owner, the State of Lower Saxony, and any construction would be subject to the approval of the customs authorities.

Special customs arrangements have been made to facilitate the transshipment of bulk cargo through the Emden free trade zone to inland destinations. The customs authorities will accept declarations of incoming ore and coal bulk cargo immediately upon arrival on the basis of the ship's manifest and permit subsequent storage and removal of such cargo without additional customs clearance. All other merchandise is handled in the normal manner by customs, i.e., imports are declared only if and when they actually leave the zone. Customs services are available 24 hours a day.



## Administering Authority

The free trade zone facilities for loading and unloading bulk cargo, as well as the storage facilities located in the free trade zone, are operated and maintained by *Emder Hafen-Umschlags Gesellschaft m.b.H.* (Emden Port Transfer Company, Ltd.), a corporation controlled by the Government of *Land Niedersachsen* (State of Lower Saxony). The land and most of the installations in the zone are owned by *Land Niedersachsen*, and administered by the *Wasser-und Schifffahrtsamt Emden* (Emden Port Authority), a public entity. Customs surveillance is exercised by the *Hauptzollamt Emden* (Chief Customs Office, Emden).

## Mailing Address:

Emder Hafen-Umschlags Gesellschaft  
m.b.H.  
Am Delft 2  
297 Emden  
Federal Republic of Germany

Wasser-und Schifffahrtsamt Emden  
Friedrich Naumann-Strasse 9  
297 Emden, Federal Republic of Germany

Hauptzollamt Emden  
Ringstrasse 7  
297 Emden, Federal Republic of Germany

## Free Trade Zone at Hamburg

### Location

Hamburg spans both sides of the Elbe River at a point approximately 75 miles from the North Sea and about 56 miles upstream from Cuxhaven. It is the largest port in the Federal Republic and the easternmost port serving the North Sea-Atlantic shipping routes. In addition to activities related to trade and shipping, Hamburg is an important financial and industrial center. Major industries include shipyards, petroleum refineries, metallurgical works and flour mills. With a population of almost 2 million, it is the second largest city in the Federal Republic. Together with the Hamburg-administered portion of the port of Cuxhaven, it forms *Land Hamburg* (State of Hamburg), which has a total area of 296 square miles.

The port of Hamburg handles more than 20,000 sea-going vessels annually, about one-half of which are in the liner services of German and foreign shipping companies. Coastal vessels link the port with Scandinavia and other nearby areas, while the Elbe River provides an inland artery for barge traffic to and from Berlin, East Germany and Czechoslovakia. The Elbe is also intersected by canals which link it to the other German inland waterways. In addition, Hamburg offers rail and road transportation to all points in the Federal Republic and some adjacent areas, and has a major commercial airport. Freight patterns show that the port serves a market area which extends from south-eastern Germany and Switzerland through eastern Europe to Scandinavia.

The free trade zone in Hamburg has functioned since 1888 when Hamburg, formerly a "free city," joined the German Customs Union.

The Hamburg free trade zone, called *Freihafen Hamburg* (Free Port of Hamburg), forms the core of the port area. With a total area of 5.6 square miles, it is the largest and most active of the German zones. It is made up of two separate sections. The first, or "Old Free Port," is situated east of the Kohlbrand channel which links the north and south arms of the Elbe and includes most of the basins and adjacent onshore facilities in that area of the port. The second and smaller area is made up of several basins and onshore installations west of the Kohlbrand.

### Authorized Operations

The customs and tax treatment of goods in the Hamburg free trade zone is the same as that accorded in the other free trade zones of the Federal Republic. See section under this heading in the summary of the free trade zone at Bremen.

The operations permitted in the other German free trade zones are also permitted in the Hamburg zone. In addition, however, the administration of the Hamburg zone is empowered to approve manufacturing, assembly and other processing operations, whether or not using imported materials. The chief criterion for the approval of such an operation is that its end products be intended primarily, although not necessarily exclusively, for reexport. The

permission of the Federal Ministry of Finance at Bonn is not required. Processing, e.g., cleaning and sorting of goods intended for consumption in Germany, may be approved in the Hamburg zone, even if it should lead to placement of goods in a more favorable tariff classification than at the time of entry into the zone.

As in the other German free trade zones, ship chandlery and sales and auctions of merchandise (usually subject to controls designed to prevent unregulated retailing) may be carried on.

### Restrictions and Controls

With the exceptions that manufacturing, assembly and processing operations may be permitted in the Hamburg zone, and that customs surveillance, lease and construction approval and other regulatory functions are generally carried out by the zone's administering authority rather than by customs officials, the restrictions and controls applied are similar to those in the other zones. For example, trade on a small quantity basis is subject to special regulation, facilities are subject to official inspection, and traffic in certain commodities may be prohibited or subject to special regulation. See section under this heading in the summary of the free trade zone at Bremen.

### Facilities Available

The Hamburg free trade zone includes most of the basins in the central part of the harbor area. The "Old Free Port" section, or the area to the east of the Kohlbrand channel, includes most of the basins which handle general cargo and fruit as well as the greater number of the port's ship yards. It also incorporates Hamburg's free port "warehouse town," made up of a series of large six to eight-story buildings and a central dispatch facility for consolidated export cargoes called *Uebersee-Zentrum*. The area to the west of the Kohlbrand includes, primarily, the free trade zone's petroleum storage area and extensive container terminal facilities.

Numerous warehouses with a total storage area of approximately 6.5 million square feet are located in the zone. It also contains 74 transit sheds with approximately 8.2 million

square feet of area. Special facilities are available for the handling of grain, petroleum products, tropical fruit, raw tobacco, coffee, fish, edible oils, timber, coal and a variety of other products.

The facilities for storing, exhibiting, sampling, packaging, etc., are maintained by private firms in warehouses which they own or lease. Space permitting, new facilities may be constructed on land leased from *Land Hamburg* (State of Hamburg), subject to the approval of the zone's administering authority. Many of the transit sheds and some warehouses of the free trade zone are operated by a city-owned warehousing company, *Hamburger Hafen-und Lagerhaus A.G.* (Hamburg Port and Warehouse Company), which may sublet space to private firms.

### Administering Authority

The Hamburg free trade zone is owned and administered by *Land Hamburg*, which leases plots of land to private operators. Administrative responsibilities are divided among several government offices. They include the *Hafenbetriebsdirektion* (Port Administration), which is responsible for basic policy matters and overall harbor management; the *Oberhafenamt* (Port Supervision), which controls traffic in the harbor and on the Elbe and allocates berthing space; *Strom-und Hafenbau* (Waterway and Port Construction), which plans, constructs and maintains installations in the harbor and on the Elbe River; *Freihafenamt* (Free Port Authority), which enforces federal customs regulations, and other regulations, in the free trade zone and approves the leasing or construction of facilities; and *Zolltechnische Pruefungs-und Lehranstalt* (Customs Technical Testing and Training Institute), a local division of the Ministry of Finance, which gives official customs information for the free port. Among these agencies, the *Freihafenamt* (Free Port Authority) acts in the capacity of administering authority for most free port functions.

### Mailing Address:

Freihafenamt  
2 Hamburg 11, Bei St. Annen 2  
Federal Republic of Germany

Hafenbetriebsdirektion  
2 Hamburg 11, Alter Steinweg 4  
Federal Republic of Germany

Zolltechnische Pruefungs-und Lehranstalt  
2 Hamburg-Altona  
Zeiseweg 9  
Federal Republic of Germany

Specific inquiries concerning the availability and leasing of free trade zone facilities may be directed to:

Hamburger Hafen-und Lagerhaus A.G.  
(Hamburg Port and Warehouse Company)  
2 Hamburg 11, Bei St. Annen 1  
Federal Republic of Germany

Verein Hamburger Lagerhalter e.V.  
(Hamburg Warehouse Operator's Association)  
2 Hamburg 11, Mattentwiete 2  
Federal Republic of Germany

Specific inquiries concerning the availability and leasing of free trade zone real estate may be directed to:

Finanzbehoerde, Freie und Hansestadt  
Hamburg (Office of Finance, Free Port of Hamburg)  
2 Hamburg 36  
Gaensemarkt 36  
Federal Republic of Germany

## Free Trade Zone at Kiel

### Location

Kiel is a seaport located on the southeastern coast of the Jutland peninsula facing the Baltic Sea. It is also the eastern terminus of the Kiel Canal, which links the North and Baltic Seas. The city of Kiel is the capital of *Land* (the State of) *Schleswig Holstein*, an area of 6,046 square miles. About 270,000 of the State's 2.5 million residents live in Kiel. Industries in and near Kiel include shipbuilding and metalworking.

International transportation to and from Kiel is performed by numerous German and foreign-flag shipping companies. Inland connections with all points in Germany and some adjacent areas are available by road, rail and inland waterway transport. The nearest international airport is at Hamburg, some 56 miles to the southwest.

The Kiel free trade zone was established in 1922. It is situated at the southeastern entrance to the Kiel Canal.

### Authorized Operations

See section under this heading in the summary of the free trade zone at Bremen. The primary activities actually carried on in the zone are storage and the supply of goods to ships passing through the canal.

### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Bremen.

### Facilities Available

The free trade zone has an area of about 42 acres. It contains several warehouses owned by ship chandlery firms. No facilities are presently available in the zone for manufacturing or processing of goods.

### Administering Authority

The Kiel free trade zone is administered by *Wasser-und Schiffahrtsdirektion* (Waterways and Shipping Administration), an agency of the City of Kiel. Customs supervision is exercised by a Federal Customs Office at Kiel.

### Mailing Address:

Wasser-und Schiffahrtsdirektion  
2300 Kiel-Wik  
Federal Republic of Germany



# Gibraltar

## Gibraltar is a free port.

Gibraltar, a British colony approximately  $2\frac{1}{4}$  square miles in area, is situated on a rocky promontory commanding the western entrance to the Mediterranean Sea. It is bounded by Spain on the north and is connected with the adjacent Spanish mainland by a road over a one-mile isthmus. On the west it is bounded by a body of water variously known as the Bay of Gibraltar or the Bay of Algeciras, on the east by the Mediterranean Sea and on the south by the Strait of Gibraltar. Gibraltar, which lies about 20 miles north of the African (Moroccan) coast, is linked with the port of Tangier by scheduled passenger sea ferry and air service across the Strait.

Owing to its strategic location at the crossroads of trade routes between the Atlantic and Mediterranean, Gibraltar functions as an important shipping center and transfer point for commerce. It is also the site of a British naval base. The port of Gibraltar, which has bunkering, provisioning and ship repair services, receives over 3,000 merchant vessels annually as well as numerous small craft, private yachts and NATO naval vessels. Gibraltar is also served by an international airport.

Activities related to shipping and trade are the main components of Gibraltar's economy, although in recent years tourism has also become an important factor. The colony has a resident population estimated at 25,000. Its work force, however, is supplemented by an influx of daily or temporary workers from Spain and Morocco.

### Authorized Operations

Gibraltar may be considered a free port in that its customs duties are nominal and levied only for revenue and not for protective purposes. In addition to goods for members of the Diplomatic Corps and NATO, only foodstuffs, pharmaceuticals and medical supplies, lubricating oil, newsprint and publications are completely free of customs duties when imported for consumption in Gibraltar. Most other non-

luxury goods are assessed customs duty at a rate of 5 percent *ad valorem*. Slightly higher duty rates are applied on imports of luxury goods and consumer items such as alcoholic beverages, tobacco, perfumes, gasoline, motor vehicles and certain mechanical and electrical appliances.

In general, goods in transit through Gibraltar or intended for subsequent reexport are accorded exemption from payment of customs duties. There are three principal procedures through which such exemption may be obtained: storing the goods in a reserved area known as "Government Stores," furnishing proof that the goods are in transit, or importing the goods under bond for eventual reexport. In addition, drawback procedures make possible the refund of duties, or a portion of the duties, upon certain duty-paid goods subsequently reexported from Gibraltar.

Government Stores is a government-operated reserved warehouse area in which dutiable goods may be stored without payment of customs duties pending reexport or entry into the customs territory of Gibraltar. The stated maximum storage time in this area is three months, though this period is normally extended. Although processing may be permitted, the small size of the area tends to limit such activities.

Goods in transit through Gibraltar—other than alcoholic beverages, gasoline, perfumes, tobacco (except cigarettes), mechanical lighters, cameras, motion picture projectors, and razor blades, which must either be warehoused in Government Stores or imported under bond if they are to obtain exemption from duty—may qualify for "relief from duty" when it is proved that the introduction of the goods into Gibraltar is only a portion of a journey beginning and ending at different points outside Gibraltar and the final destination of the goods has been identified by the consignor before the goods arrive in Gibraltar. Unless otherwise authorized, transit goods qualifying for "relief from duty" must be removed from Gibraltar within a 14-day period.

These duty-exemption procedures for transit and reexport goods notwithstanding, Gibraltar imposes an export duty on fuel, diesel and gas oil (including bunkers) of 1 shilling/4 pence (\$0.16) per ton.

Goods entering Gibraltar may be transformed, assembled, stored, mixed, blended, repacked, manufactured or offered for sale.

#### **Restrictions and Controls**

The importation of arms, ammunition, narcotics and similar goods is restricted or prohibited. Import licenses are required for the importation of sugar, flour, frozen meat, canned milk, edible oils and fats in order to ensure that importers maintain reserve stocks of these commodities, and also for potatoes, gems, gold and gold manufactures, and gasoline.

An export license is required for most commercial exports from Gibraltar. Foreign firms wishing to engage in the sale of goods from Gibraltar to other countries must obtain an Exporter's License from the Financial Secretary. The unpacking and repacking of goods in Government Stores may be carried on only with the written permission of the administering authority.

#### **Facilities Available**

Government Stores covers about 120,000 square feet, all of which is covered space. Individual firms may rent small private bonded stores within this area for their operations.

Other facilities in Gibraltar are privately owned and operated. Detailed information about the amounts of open and covered space is not available.

#### **Administering Authority**

The free port of Gibraltar and the Government Stores are administered by the Financial Secretary, Government of Gibraltar.

#### **Mailing Address:**

Free Port & Government Stores:  
Financial Secretary  
Government of Gibraltar  
Gibraltar

#### **Other Sources of Information:**

The Gibraltar Shipping Association  
Gibraltar  
Gibraltar Chamber of Commerce  
Gibraltar

## **Greece**

**Greece has two free trade zones. They are located at Piraeus and Thessaloniki. There is also a transit zone (for Yugoslavia) at Thessaloniki.**

The Kingdom of Greece is made up of the southernmost part of the Balkan peninsula and numerous islands. It is bounded on the north by Albania, Yugoslavia and Bulgaria; on the east by Turkey and the Aegean Sea; on the west by the Ionian Sea; and on the south by the Mediterranean Sea. In all, Greece has a land area of 50,942 square miles and a population of about 8.7 million.

Greece's economy is predominantly agricultural, but has a growing industrial sector. Its trade policies emphasize export expansion and the realization of opportunities connected with participation in the European Economic Community (EEC or "Common Market") of which it is presently an associate member. Greece is signatory to the General Agreement on Tariffs and Trade (GATT).

Shipping to and from Greece is provided by many Greek and foreign-flag carriers serving some ten major seaports. The Greek merchant fleet ranks seventh in the world in tonnage. Greece also has seven international airports served by many international airlines. Domestic transport is by coastal shipping, road, and rail. Coastal shipping is heavily used in domestic transportation. There are approximately 1,700 miles of railroad track with main lines linking the Athens-Piraeus area to the southern city of Kalamata in the Peloponnesus and to Thessaloniki in northern Greece. Branches of the northern line extend to the Yugoslav, Bulgarian and Turkish borders, connecting with the rail systems of the two former countries, but not with that of Turkey. There are about 27,500 miles of roads in the country of which about 7,400 miles are hard-surfaced.

### **Free Trade Zone at Piraeus**

#### **Location**

Piraeus is a port city on the Saronic Gulf, an arm of the Aegean Sea. It is situated about 6



miles west of Athens, the capital, largest city and financial and commercial center of Greece. The Athens-Piraeus area also contains the country's principal industrial concentration. Its industries include shipbuilding and repairing, oil refining, textiles, food processing, cigarette manufacturing, steel and metal works, fertilizers, chemicals and pharmaceuticals. The region has a population of about 2 million of whom more than 450,000 live in Piraeus.

Affording access to the Athens area, Piraeus is the most important passenger and commercial port in Greece. About 60 percent of the country's shipping volume passes through the port. More than 21,000 vessels representing numerous Greek and foreign-flag lines call at Piraeus annually. International air traffic is handled at the Athens airport located some seven miles east of Piraeus and served by numerous international airlines. There is regular, frequent public transport service by rail and road between Piraeus and Athens. Two rail lines link the port with Athens and other points via Athens. Highway transportation is also available.

The free trade zone at Piraeus is situated in the main harbor area. It was established in 1932. The zone's operations are governed by Article 5 of Basic Law E. L. 1559 of 1950 "On the Port of Piraeus Authority," as amended. This law also prescribes the organization and functions of the Port of Piraeus Authority which has responsibility for overall port operations as well as the administration of the free trade zone.

#### **Authorized Operations**

Goods of foreign origin may be brought into the free trade zone without payment of customs duties or other taxes and remain free of all duties and taxes while held in the zone or if subsequently transhipped or reexported abroad. Similarly, documents pertaining to the receipt, storage or transfer of goods within the zone are free of stamp taxes. Customs duties and taxes become payable, however, if the goods are consumed within the zone or removed from the zone for consumption in Greece. Goods destroyed in the zone are not subject to duties. Goods of Greek origin may be allowed into the free trade zone under special permit from the administering authority.

Transit goods may be held in the zone pending transshipment free of bond. Goods intended for consumption in Greece either in their original state or after processing in the zone, and goods held in the zone for processing pending reexport must be placed under bond. Goods in bond may be stored for an unlimited period of time, sampled, reclassified, packed, repacked, processed, cleaned, graded and sorted.

Standing regulations also permit manufacturing in the zone with the permission of the administering authority and subject to specific authorization by the Ministries of Merchant Marine and Finance. Manufacturing enterprises in the zone are eligible for duty-free entry privileges for raw materials and other commodities intended for processing and reexport.

Ship chandlery and minor repairs involving the sale or use of goods and materials on which customs duties have not been paid are permitted within the zone. Sales and auctions of merchandise may also take place within the zone.

#### **Restrictions and Controls**

Explosive, inflammable, poisonous or otherwise dangerous goods are prohibited entry into the free trade zone. Entry and storage of other goods may be prohibited or restricted, including goods subject to Greek Government monopoly (e.g., cigarette paper, matches, playing cards, saccharin, salt, kerosene, and denatured alcohol), and items subject to high rates of customs duty (e.g., watches, jewels, etc.).

The approval of the customs authorities is required before goods intended for consumption in Greece can be processed in the zone.

#### **Facilities Available**

The free trade zone has approximately 3.5 million square feet of open storage space and approximately 1.2 million square feet of covered storage space. Storage facilities include transit sheds which are intended for the temporary landing of goods pending transshipment, bonded warehouses for long-term storage and processing operations, and a grain elevator with a storage capacity of 42,000 tons.



## **Administering Authority**

The free trade zone at Piraeus is administered by the Piraeus Port Authority (OLP), an autonomous legal entity supervised by the Ministry of Merchant Marine.

## **Mailing Address:**

The Piraeus Port Authority (OLP)  
Directorate of Free Trade Zone  
2 II Merarchias Street  
Piraeus, Greece.

## **Free Trade Zone at Thessaloniki**

### **Location**

Thessaloniki is a port city in the Macedonian district of northern Greece situated at the innermost part of the Gulf of Salonika (Thermakikos), an arm of the Aegean Sea. Thessaloniki is the second-largest port, industrial area and population center in the country. Its industries include a major oil refinery-petrochemical-ammonia complex, a steel plant and agricultural processing enterprises. The population of the city numbers about 380,000, with an additional 200,000 people in outlying areas.

Thessaloniki is the port nearest the Mediterranean trade routes for the central Balkan area. Its hinterland therefore includes not only surrounding Greek territory, but also parts of Yugoslavia and Bulgaria. More than 1,200 ships arrive in the port annually from foreign ports, with numerous Greek and foreign-flag carriers represented. The city has an international airport. Thessaloniki is linked with the Athens-Piraeus area and other parts of Greece by rail and road. It is also an important coastal shipping port. Rail and road routes extend north from the port to link with the Yugoslav and Bulgarian systems.

The Thessaloniki free trade zone, called the "Free Zone of Thessaloniki," incorporates the greater part of the land area of the port. It was established in 1925. Free trade zone operations are governed by Law 2551 of 1953.

### **Authorized Operations**

The customs treatment of goods brought into the zone is the same as that at Piraeus. As at

Piraeus, goods intended for eventual entry into Greek customs territory either in their original state or after processing, or those intended for processing prior to reexport abroad, must be placed under bond. See section under this heading in the summary of the free trade zone at Piraeus.

The zone may be used for storing, sampling, mixing, exhibiting, blending, repacking, assembling and manufacturing of goods held in bond. There is no limit on the amount of time during which goods may be held in storage in the zone.

Industries established within the zone must be approved by the administering authority and the Ministry of Industry. Such enterprises become eligible for the duty-free importation of raw materials, components and equipment. They may use wholly foreign or mixed foreign and domestic raw materials and components and their products may be exported without restriction.

### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Piraeus.

### **Facilities Available**

The total area of the zone is more than 7 million square feet. Open storage space amounts to about 1.8 million square feet, while covered storage space amounts to about 500,000 square feet. Storage facilities include a number of warehouses, transit sheds, a grain elevator of 20,000 tons storage capacity and cold stores with total capacity of 81,200 cubic feet.

The administering authority performs transportation and cargo handling operations in the zone.

## **Administering Authority**

The free trade zone at Thessaloniki is administered by the Organization of the Free Zone and Port of Thessaloniki, an autonomous legal entity under the supervision of the Ministry of Merchant Marine.

**Mailing Address:**

The Organization of the Free Zone and  
Port of Thessaloniki  
Free Zone and Port of Thessaloniki  
Thessaloniki, Greece

**Transit Zone (for Yugoslavia) at Thessaloniki**

A transit zone for the temporary storage of goods in transit to or from Yugoslavia was established in the port of Thessaloniki in 1929. The agreement between Greece and Yugoslavia provided that the zone was to operate for a period of 50 years.

The facility, called the "Yugoslav Free Zone of Thessaloniki," consists of a separate area of about 800,000 square feet in the port of Thessaloniki. It may be used only for the temporary storage and any necessary repacking of goods originating in Yugoslavia or destined for Yugoslavia. For customs purposes, the zone is under Yugoslav rather than Greek jurisdiction. Greek customs duties are not levied on shipments entering the zone, and inland movement of cargoes between the zone and Yugoslavia is carried out under customs seal.

The transit zone has its own administration, the Direction of the Yugoslav Free Zone of Thessaloniki, an agency of the Yugoslav Ministry of Trade.

**Mailing Address:**

Direction of the Yugoslav Free Zone  
of Thessaloniki  
Thessaloniki, Greece.

# Ireland

**Ireland has a free trade zone at Shannon International Free Airport.**

The Republic of Ireland has a land area of about 27,000 square miles and a population of about 2.9 million. It is bordered on the east by the Irish Sea and St. George's Channel, on the south and west by the Atlantic Ocean, and on the north by Northern Ireland and the Atlantic Ocean.

Although agriculture is still of major importance in the Irish economy, it now ranks second to industry as a source of national income. Government policies foster industrial development and expansion. Foreign trade also plays a significant role in the economy. Ireland is party to a reciprocal free trade agreement with the United Kingdom, its principal supplier and customer. It is also signatory to the General Agreement on Tariffs and Trade (GATT).

Ireland has ten major seaports and two international airports. Numerous international maritime and air carriers link the country with ports and airports in the United Kingdom, Western Europe and the United States as well as with other areas. Inland transportation is provided by road and rail. There are about 1,455 miles of railroad track and almost 10,000 miles of primary roads interconnecting the country's population centers.

The free trade zone at Shannon International Free Airport was established pursuant to enactment of the Customs Free Airport Act of 1947. Its operations are governed by that basic legislation, as amended by the Customs Free Airport (Amendment) Act of 1958, and the Finance (Miscellaneous Provisions) Act of 1958.

**Free Trade Zone at Shannon International Free Airport****Location**

Shannon International Free Airport is situated on the northern shore of the estuary of the River Shannon in southwestern Ireland (County Clare). It is positioned directly on the main transatlantic air routes and is regularly served by 14 international air carriers. Deliveries of air cargo from Shannon to principal cities in Europe and North America can be made within a matter of hours. The airport also has convenient access by road and rail to ports on maritime trade routes. It is about 15 miles by road to the nearest seaport, Limerick; 130 miles to Dublin, the country's leading port, commercial center and capital; and 80 miles to the port of Cork. Regular shipping services are available between these ports and ports in the United Kingdom, the European continent, and North America.

The area surrounding the airport is predominantly rural. Ennis, about 10 miles away and



with a population of about 6,000, is the nearest town, while Limerick with a population of about 60,000 is the nearest city. Tourist development and airport-free trade zone operations account for much of the area's economic activity.

The entire area of Shannon International Free Airport is a free trade zone. It includes tracts for industrial and warehouse purposes, as well as airport facilities.

#### **Authorized Operations**

Goods of foreign origin, including machinery and equipment for the handling or processing of goods in the free trade zone, may be brought into Shannon International Free Airport without payment of Irish customs duties or taxes and without the application of import licensing controls. Foreign goods remain free of Irish duties and restrictions while held in the zone, or if subsequently transshipped or reexported abroad. Such imports and exports may be conveyed to and from the zone directly by air, or by surface transportation. The transfer of customs-privileged goods overland between Irish seaports and Shannon must take place under customs bond. Goods of Irish origin may also be brought into the free trade zone, and upon entry may become eligible for treatment as exports, i.e., for payment of drawback, excise refunds and allowances. There is no time limit during which customs-privileged goods may be held in the zone.

If goods of foreign origin are removed from the zone for consumption in Ireland without having undergone any processing in the zone, Irish customs duties and taxes become payable at the rates applicable to like goods imported directly from abroad. However, special provision is made for goods "produced, manufactured, processed or packaged" in the zone for home consumption. Such imports can qualify for duty assessment on only the foreign ingredients actually contained in the final product, if the producer maintains records in support of this method of assessment and if the foreign ingredients used are not subject to import restrictions. Where ingredients are of undetermined origin or are subject to import restrictions, imports into the Irish market become liable for payment of duty at the rates applicable to like (finished) goods imported directly from abroad.

Goods brought into the free trade zone may be stored temporarily or undergo any type of processing or transformation. Operations authorized include storage, manufacturing, combining with locally produced goods, unpacking, breaking from bulk, cleaning, refining, purifying, marking, grading, blending, assembling, altering, labeling, packaging, consolidation, handling and exhibiting. International business activities which do not directly involve the handling or manufacture of merchandise may also be permitted in the free trade zone. Such businesses include sales administration, accounting operations, consulting services, mail order houses, financial institutions, etc. The chief criterion for their admission to the zone is that they contribute to the use or development of the airport.

Substantial financial incentives have also been made available to firms using the free trade zone. Generally, companies operating in the zone may qualify for exemption from Irish income tax and corporation profits tax on all profits arising from exports, except those to Great Britain and Northern Ireland. This tax holiday extends until 1983, and provision has been made for accelerated depreciation allowances when tax liability arises. Firms operating in the zone may also qualify for partial exemption from local taxes on real property. There are no restrictions on the repatriation of profits or capital abroad. In addition, firms undertaking manufacturing operations of special benefit to the airport in terms of employment of labor and generation of air freight may qualify for non-repayable cash grants of up to 50 percent of the cost of equipment and up to 100 percent of the cost of training workers.

Traders wishing to use the facilities of the free trade zone may either establish their own operations, or engage the services of warehousing companies, freight forwarders, etc., already operating in the zone, to act in their behalf. The administering authority does not undertake such operations itself, but will refer potential users of the zone to established companies offering the desired services.

#### **Restrictions and Controls**

Before any trade, business or manufacturing activity can be undertaken in the free trade



zone, it is necessary for the principals to obtain a license specifying the authorized activity from the Ministry of Industry and Commerce. At the request of the licensee, such a license may be amended by the Ministry to cover additional operations. To qualify for the tax exemptions described in the preceding section, firms operating in the zone must obtain certification from the Ministry of Finance that they are engaged in "exempted trade operations," i.e., export sales, services or related activities.

Firms operating in the free trade zone are required to maintain inventory records and other records for 2 years. These records are subject to examination by customs and excise officials. Dutiable goods brought into the free trade zone are required to be stored in approved premises pending their use in manufacturing or other disposition.

Goods not normally permitted entry into Ireland, e.g., narcotics and arms, may not be brought into the free trade zone. The special restrictions and controls which apply to imports of animals, plants, drugs, etc. into other parts of Ireland also apply in the free trade zone.

#### **Facilities Available**

Open storage area in the free trade zone amounts to 110,000 square feet. The use of this space may be arranged directly with the administering authority. Covered storage space is maintained by private firms rather than by the administering authority.

Public warehouses are operated by several independent warehousing companies and freight forwarders. These firms can provide storage, packing, forwarding and related services for foreign exporters. Further information on their facilities, services and charges can be obtained from the administering authority.

Firms wishing to operate their own facilities for storage and related operations may arrange to lease or purchase warehouse buildings from the administering authority. These buildings take the form of standard units of 3,750 square feet each and can be made available in single or multiple units. Heating equipment, electric power, water and sewerage are provided with each unit, and special arrangements can be

made for the installation of air-conditioning, refrigeration or other equipment.

An area of more than 300 acres has been set aside for manufacturing operations in the free trade zone. Factory buildings may be leased or purchased from the administering authority. The manufacturing units take the form of standard factory bays of 18,750 square feet and can be made available in single or multiple units. As these units are not usually constructed until the user's requirements are known, arrangements can be made for modification or for the installation of special facilities. Options can be obtained on adjoining sites to allow for future expansion.

Leases for warehouse or factory buildings may be arranged for periods ranging from 3 to 25 years, subject to renewal, and options exercisable within 5 years to purchase the buildings can be negotiated. If a firm wishes to erect its own buildings, land can be leased for a period of 99 years from the administering authority.

In addition to warehouses and factories, the free trade zone contains display facilities and office accommodations. Further information may be obtained from the administering authority.

#### **Administering Authority**

Shannon International Free Airport is owned by the Ministry for Transport and Power, and its aviation facilities are managed and controlled directly by the Ministry. The free trade zone facilities at the airport are managed by the Shannon Free Airport Development Company, Ltd. The Company is owned and controlled by the Government of Ireland. It was established in 1959 to promote the establishment of commercial and industrial enterprises at the airport by providing facilities and financial incentives for firms operating in the zone.

#### **Mailing Address:**

Shannon Free Airport Development Co.  
590 Fifth Avenue  
New York, N. Y. 10036

The Development Manager  
Shannon Free Airport Development Co.,  
Ltd.

Shannon International Free Airport  
Ireland

The Secretary  
Department of Industry and Commerce  
Kildare Street  
Dublin, Ireland

# Italy

**Italy has two free trade zones, located at Trieste and Venice. More limited customs-privileged facilities have been established in other major ports and cities having customs inspection offices.**

The Republic of Italy, including the principal islands of Sicily and Sardinia, covers a land area of about 117,000 square miles and has a population of about 54 million. Continental Italy is a long boot-shaped peninsula which extends approximately 725 miles from the Alps in the northwest to the Mediterranean Sea in the southeast. In the north, continental Italy is bordered by France, Switzerland, Austria and Yugoslavia. Its peninsular coastline of nearly 2,600 miles borders the Adriatic Sea on the northeast, the Ionian Sea on the south, the Tyrrhenian Sea on the west and the Ligurian Sea on the north. The islands of Sicily and Sardinia are situated in the Mediterranean Sea with Sicily located off the toe of the Italian boot and Sardinia about 200 miles to the northwest of Sicily.

Italy has a diversified economy with strong industrial and agricultural sectors. It is a member of the European Economic Community (EEC or "Common Market"), and is signatory to the General Agreement on Tariffs and Trade (GATT).

Italy's transportation network is well developed. Its lengthy coastline has made possible the development of a number of maritime ports, which for the most part serve the regions in which they are located. These ports are served by numerous Italian and foreign-flag carriers. Similarly, Italy has a number of airports regularly served by about 30 international air carriers. The airports at Rome and Mi-

lan, however, handle the bulk of international traffic. Internal traffic is carried by rail, highways and coastal shipping. Italy has some 13,000 miles of railroads and an extensive road system, including expressways on the most heavily travelled intercity routes. Its roads and railroads interconnect all production and distribution centers and link with the systems of neighboring countries.

Each of the Italian free trade zones has been established by special legislation. The provisions of these laws do not, however, differ significantly. All zones are supervised nationally by the *Ministero delle Finanze* (Ministry of Finance).

## Free Trade Zone at Trieste

### Location

Trieste is a city and port located in northeastern Italy near the Italian-Yugoslav border. It faces on the Gulf of Trieste, an inlet at the head of the Adriatic Sea. Formerly the principal port and commercial center of the Austro-Hungarian Empire, Trieste was transferred from Austrian to Italian jurisdiction at the end of the First World War and since that time has been politically separated from its central European hinterland. Although on a reduced scale, the port has continued to serve that area primarily, and much of the traffic it handles is in transit to or from Austria and Czechoslovakia.

The population of Trieste is estimated at 300,000. The traditional economic activities of shipping, freight forwarding, banking and insurance continue, and there has been some industrial development in recent years. Industries located in and near Trieste include two oil refineries, an iron works, a ship repair yard, a cotton mill, a paper mill, a cement plant, shoe and paint factories, distilleries and a brewery.

The port is served by numerous Italian and foreign-flag ocean carriers which offer more than 1,500 sailings annually. There is an airport located about 18 miles northeast of Trieste; however, it is primarily a local facility. The port is linked by road and rail with points in Italy and Yugoslavia and through them with Austria and other countries. A large oil pipeline from Trieste to Ingolstadt, Federal Repub-



lic of Germany, has recently entered into operation.

Trieste has a long tradition as a customs-privileged port. The entire city had free port status prior to 1886 when the free trade zone system was adopted. At present the free trade zone is made up of four non-contiguous areas of the port which are linked by rail. The legal basis for their operation is Decree No. 29 of January 19, 1955.

#### Authorized Operations

Goods of foreign origin may be brought into the free trade zone without payment of Italian customs duties and remain free of all such duties while held in the zone or if subsequently transshipped or reexported. Italian customs duties become payable, however, if foreign goods are used or consumed in the zone, or removed from it for consumption or use in other parts of Italy. Goods of Italian origin or "nationalized" goods, i.e., goods of foreign origin on which Italian customs duties have been paid, may also be brought into the free trade zone. Upon introduction, such goods are considered exports unless action is taken to maintain their Italian nationality.

Operations authorized in the free trade zone include loading, unloading, transshipping, mixing, warehousing and cargo handling. Merchandise brought into the free trade zone may be freely processed, negotiated, transferred, or sold at wholesale. The establishment of industrial plants within the zone, however, requires authorization from the Ministry of Finance.

#### Restrictions and Controls

As noted above, Italian customs duties must be paid on foreign goods which are consumed or used within the free trade zone. Foreign building materials, capital goods (machinery and equipment), office furnishings and supplies to be used within the zone are specifically included among the goods liable to payment of duties.

Special controls apply to the following items: goods subject to Italian State Monopoly (tobacco and tobacco products, salt, quinine, etc.), saccharin and saccharin preparations, portable

firearms and their parts, jewelry and other precious objects, canes and umbrellas, clothing and furs, alkaloids and their salts (including narcotic drugs), synthetic medicinal preparations and patent medicines, and any portable item or merchandise which can easily be concealed.

Retail sale is prohibited in the free trade zone. Sales of ship supplies are governed by special regulations.

#### Facilities Available

The Trieste free trade zone is made up of four separate areas referred to collectively as *punti franchi* (free zones). All are served by rail lines. They are as follows:

*Punti Franchi Vecchio e Nuovo* (Old and New Free Zones). This facility consists of two major portions of the main commercial port area and contains a number of warehouses. It has a total area of 5.8 million square feet of which 5.1 million square feet are covered.

*Punto Franco Scalo Legnami di Servola* (Free Lumber Zone of Servola). This zone is located to the southeast of the main port area and has facilities for the storage, processing and shipment of lumber. It has a total area of more than 1 million square feet, of which about 640,000 square feet are covered space and about 57,000 square feet are available for open storage.

*Punto Franco Oli Minerali di S. Sabba* (Free Oil Zone of San Sabba). This area is located to the southeast of the Free Lumber Zone. It is used primarily for storage of mineral oils and their derivatives, and occupied by oil companies operating coastal depots on a concession basis.

*Punto Franco Industriale di Zaule* (Zaule Industrial Free Zone). The industrial free zone is a portion of a larger industrial development area called the Trieste Industrial Port. It is located to the southeast of the other free zone areas. Its area amounts to some 3.1 million square feet of which about 960,000 square feet remain available for new industrial operations. Most of the firms engaged in processing or in manufacturing in the free trade zone are situated in this area.

Warehouse space within the free trade zone is leased to private firms by the *Magazzini Generali di Trieste* (see the following).



## Administering Authority

The four free trade zone areas are administered by separate agencies. The *Punti Franchi Vecchio e Nuovo* are administered by the *Magazzini Generali di Trieste* (Public Warehouse Authority of Trieste). The *Magazzini Generali* is a semi-public corporation authorized to operate and maintain the facilities of specified harbor areas. It is a non-profit corporation, the shares of which are held by public, semi-public and trade organizations. It is managed by a board of directors composed in part of representatives nominated by trade associations directly concerned with activities of the port.

The *Punto Franco Industriale di Zaule* is administered by the *Ente del Porto Industriale di Trieste* (Trieste Industrial Port Authority); the *Punto Franco Scalo Legnami di Servola* is administered by the Railway Administration; and the *Punto Franco Oli Minerali di S. Sabba* is managed by the Trieste Port Captaincy.

## Mailing Address:

Magazzini Generali di Trieste  
Punto Franco Vecchio  
Trieste, Italy

Ente del Porto Industriale di Trieste  
Via S. e G. Caboto, 14  
Trieste, Italy

Ministero delle Finanze  
Direzione Generale delle Dogane  
Viale America  
Roma, Italy

## Free Trade Zone at Venice

### Location

Venice is a city and seaport in northern Italy near the head of the Adriatic Sea. Its center is made up of the islands of the Lagoon of Venice, an inlet of the Gulf of Venice which opens into the Adriatic Sea on the east. It also has a mainland industrial area called Mestre-Marghera, which is connected with the islands by means of rail and highway bridges. In all the city has a population of about 350,000.

Well known as a center of tourism and resort activity, Venice is an important industrial cen-

ter and one of Italy's major seaports. Its industries include shipbuilding, iron and steel works, textiles and chemicals as well as traditional artisan work such as glass-blowing, leather-working, etc. In addition, Venice functions as the primary Adriatic port for maritime traffic bound to and from other northern Italian industrial centers. It has railroad and highway connections with all points in Italy and adjoining countries. Venice also has an international airport.

The free trade zone at Venice operates under the authorization of Legislative Decree No. 268, of January 1, 1948. It is situated in the main port area of the Lagoon.

## Authorized Operations

See section under this heading in the summary of the free trade zone at Trieste.

## Restrictions and Controls

See section under this heading in the summary of the free trade zone at Trieste.

## Facilities Available

The free trade zone has an area of about 280,000 square feet of which some 231,000 square feet are covered. There are eight warehouses for the storage of general merchandise, three for the storage of maritime supplies, and four for varied operations including the storage and processing of wine, mineral oil and coffee. These warehouses have a total capacity of more than 3.1 million cubic feet. In addition, there is a refrigerating plant with a storage capacity of 80,000 cubic feet.

## Administering Authority

The free trade zone at Venice is administered by the *Provveditorato del Porto di Venezia* (Venice Port Authority), under the general supervision of the Ministry of Finance.

## Mailing Address:

Provveditorato del Porto di Venezia  
1401 Zattere  
Venezia, Italy

Ministero delle Finanze  
Direzione Generale delle Dogane  
Viale America  
Roma, Italy

## Other Customs-Privileged Facilities

In addition to free trade zones, Italy has two types of special customs-privileged facilities, *Magazzini Generali* (General Warehouses), and *Depositi Franchi* (Free Depots).

The *Magazzini Generali* are similar to the bonded warehouses of the United States. Foreign goods may be stored, sampled, selected, packed, repacked, mixed and handled in these warehouses without payment of Italian customs duties, provided that no operation changes the dutiable status of the goods. Duties and taxes become payable only when merchandise is removed from the warehouse for consumption in Italy.

The general warehouse system is extensive, with facilities located in the many Italian cities that have customs offices. More than 800 general warehouses are in operation with some 20 percent being principal warehouses and the remainder branches. General warehouses may be operated by cooperatives, companies or individual persons, pursuant to authorization by special Ministerial decree. Further information may be obtained from:

Ministero dell' Industria, del Commercio e  
dell' Artigianato (Ministry of Industry  
and Commerce)  
Via Vittorio Veneto 33  
Roma, Italy

The *Depositi Franchi* offer more limited facilities than the *Magazzini Generali*. In the depots, located only in ports, foreign goods may be stored, unpacked and repacked without payment of customs duties; no processing is permitted. The free depots operate under authorization in the form of Presidential Decrees. At present there are ten free depots located in the following ports:

**Bari**—Located on the southeast Italian coast, Bari handles Adriatic and Near Eastern traffic primarily. It has one free depot.

**Genoa**—Genoa is Italy's leading port, functioning as the major outlet for the industrial areas of the northwest. It is situated on the

coast of the Ligurian Sea, and has two free depots.

**Imperia**—Imperia is a Ligurian seaport, located west of Genoa. It has one free depot.

**Leghorn**—Leghorn on Italy's west coast functions as an outlet for the north-central Italian cities of Bologna, Florence, etc. It has one free depot.

**Naples**—Naples is Italy's second ranking port. Located on the west coast, it serves, primarily the central and southern areas of the country. It has four free depots.

**Palermo**—Palermo is the principal port of Sicily. It has one free depot.

## The Netherlands

**The Netherlands has special facilities—liberal customs practices and an extensive system of bonded warehouses—which afford many of the privileges and facilities offered by free trade zones and free ports elsewhere in the world.**

The Kingdom of the Netherlands is bounded on the north and west by the North Sea, on the east by the Federal Republic of Germany, and on the south by Belgium. It is watered by the Rhine, Meuse and Scheldt Rivers, extending inland into Germany, France and Belgium, respectively. In all, the Netherlands has a land area of about 13,000 square miles, and a population of 12.7 million.

The Netherlands economy is predominantly industrial, and heavily dependent upon imports for most raw materials. About 30 percent of the industrial output, however, is exported. The Netherlands is a member of the Benelux Economic Union, the European Economic Community (EEC or "Common Market"), and the General Agreement on Tariffs and Trade (GATT).

The transportation network of the Netherlands is highly developed. Its railroad system is made up of about 2,000 miles of track which link all major points in the country, and interconnect with neighboring countries. The road network totals about 22,000 miles including inter-city four-lane highways. Inland water-



ways in the Netherlands consist of 3,573 miles of navigable rivers and canals, and are of substantial importance both in domestic and transit trade. The ports of Rotterdam and Amsterdam can carry commercial traffic on the Rhine to Basel, Switzerland and as far as Bamberg, Germany on the Main River. Connections with Danube and Black Sea shipping will be possible in 1981 with the completion of the Rhine-Main-Danube Canal System.

International commerce is handled primarily by two major maritime ports, Rotterdam and Amsterdam. Rotterdam, the most active port on the European continent, is served by more than 30,000 ships annually. Almost one-third of the total traffic handled by Rotterdam is transit trade. Europoort, an extension of the port of Rotterdam, contains industrial sites, and storage facilities for petroleum, coal and ores and is accessible to ships of up to 200,000 tons. Amsterdam, the second-largest port, is also the commercial center of the Netherlands. It is served by about 9,000 ships annually, but handles only about 15 percent of the tonnage handled by Rotterdam. Transit trade is also important in Amsterdam, accounting for about 45 percent of the traffic.

International air traffic is handled primarily at Schiphol Airport near Amsterdam. Royal Dutch Airlines (KLM), serving some 68 countries, is based at Schiphol, which is also served by 20 foreign air carriers. Rotterdam also has an international airport which provides facilities for short-distance traffic.

Although bonded warehouses for the storage or processing of goods may be established at many points in the Netherlands, most facilities are concentrated in Rotterdam, Amsterdam and at Schiphol Airport.

#### **Authorized Operations**

The Netherlands has no free trade zones or free ports as such, but its liberal customs practices and extensive and flexible system of bonded warehouses and customs storage depots offer many advantages of a free trade zone or free port. In the Netherlands, goods in transit or intended for subsequent reexport may be stored in bonded warehouses or customs depots without payment of customs duties or other taxes, and are usually subject only to minimal customs formalities. In addition, goods intended

for manufacture for export in the Netherlands may be admitted on a temporary basis without payment of duties or taxes.

#### **Warehousing System:**

Bonded warehouses are divided into four categories: public, private, merchant-controlled (*fictief*), and factory. In these facilities goods may be stored for any length of time with a minimum of formalities and without payment of duties and taxes normally collected at the time of importation. Duties are imposed on goods when they are released for consumption within the customs territory of the Netherlands.

**Public bonded warehouses**, which are available in the principal ports, may be the property of the State, a municipality, or a private company. They are generally owned, managed, and controlled, however, by municipalities and maintained under customs surveillance. The public bonded warehouses in Rotterdam are financed and operated by the Rotterdam Municipal Council. The administering authority is the Rotterdam Port Authority. In Amsterdam, public bonded warehouses are administered by the Municipal Harbor and Commercial Services of the municipality of Amsterdam. In some cases space within a public bonded warehouse or an entire warehouse is leased to a private storage company, importer, or freight forwarder by authority of the local customs house and with the permission of the Ministry of Finance. The private company may sublet this space to others.

Storage may be undertaken under direct supervision of the municipal authorities. It is subject to customs surveillance which is furnished gratis. In general security guarantees are not required for storage, and bond need not be posted. All goods from abroad, even if exempt from duties or excise taxes, may be stored. Goods subject to internal excise taxes, e.g., sugar, spirits, beer, and tobacco, may also be stored in public warehouses. All types of foreign goods may be sorted, packed, unpacked, examined, sampled, exhibited, relabeled, and in general, mixed, assembled, and processed as long as the identity of the goods remains ascertainable and the processing is not considered to be manufacturing. Manufacturing is not permitted and permission from the customs authorities must be obtained for assembling and



processing in certain cases. Inflammable and other dangerous goods may not be brought into public bonded warehouses.

In contrast to private warehousing and storage concerns, the public bonded warehouses do not supply services for handling goods. Users must supply their own labor for the storing or releasing of goods and other operations, or employ the services of freight forwarders.

In Greater Rotterdam there are four public bonded warehouses, two of which belong to the municipal administrations of Rotterdam and Schiedam respectively. These are especially suitable for ship chandlers. Two other public bonded warehouses are administered by private companies and are used only for the storing of alcohol. Bonded warehouse facilities cover about 458,000 square feet. In Amsterdam there are eight public bonded warehouses encompassing a total covered area of 770,000 square feet. Open storage space varies considerably and must be reserved in advance. At Schiphol Airport public bonded warehousing facilities have been recently expanded and now total 325,000 square feet.

**Private bonded warehouses** are under private management and require the permission of the Inspector of Customs before establishment. Storage space is officially locked by Customs. Private bonded warehouses are usually maintained in the facilities of large warehousing companies in port areas. They may, however, be established for certain goods at inland locations. The operations permitted in public bonded warehouses also may be undertaken in private bonded warehouses. The latter are often used for certain specified goods, particularly goods subject to excise taxes. Bond is required. Handling of goods in private bonded warehouses is permitted only under the supervision of a customs officer on a reimbursable basis. In Greater Rotterdam alone there are about 270 private bonded warehouses, 220 of which are tanks.

**"Fictief" or merchant-controlled bonded warehouses** are privately owned storage sites under Government supervision but are not guarded or sealed by customs. The user has access to the goods without the presence of a customs official. A bond, the amount of which is determined in each case and is dependent on the duty involved, is required for storage.

Such warehouses may be established in ports and also for certain goods at inland locations. Operations permitted in the "*fictief*" warehouses include storing, packing, sorting, cleaning, polishing, etc. Goods may not be processed. Goods which may be stored in these warehouses may be dutiable or duty-free, but are limited to a list established by the Minister of Finance. This list may be extended with permission of the Minister. Goods that are easily identified such as petroleum, vegetable oils, and coffee make up the bulk of the list. Goods subject to excise tax and high value goods are excluded. There are about 1,220 "*fictief*" bonded warehouses in Greater Rotterdam, most of which are tanks for edible and mineral oils.

**Factory bonded warehouses** may be established in the Netherlands. This system however is little-used. These warehouses may be operated in ports or at any other location which is permanently under customs supervision. They are guarded by customs. The Minister of Finance may designate and license factories producing chiefly for export as factory bonded warehouses. In these warehouses raw materials and semi-finished products may be stored, processed, assembled, and manufactured. A security deposit is not required for goods brought into the warehouses and the settlement of duty is made when the goods are removed from the warehouses. Goods composed of materials of foreign origin produced in factory bonded warehouses and consumed in the Netherlands are subject to import duties on foreign parts and to turnover tax.

#### **Customs Depots:**

In addition to the customs bonded facilities, customs sheds are available for provisional and temporary storage. These are designated in buildings, lots, ships, quays, and in special cases, in bonded warehouses which have been found suitable by customs officials. They are secured by customs locks. The normal provisional storage period for goods in customs sheds does not exceed two and one-half to four months. The facilities are generally operated by municipalities, shipping companies, and freight forwarders. The operators of customs sheds are responsible for any missing goods.

Goods in transit, goods for export, and goods intended for the internal market, for which no detailed declaration has been made, may be stored in the sheds. In general, the processing

of goods in customs sheds is not permitted; however, permission for operations such as cleaning, sorting, unpacking, repackaging, marking, sampling, and examining may be granted if necessary for preservation or further transportation. There are about 550 customs sheds in Rotterdam, with a total area of approximately 10 million square feet.

In the Netherlands, goods may be moved practically unhampered by truck from one part of a port to another, from one warehouse to another, and from the place of unloading to an airport or to a railway station under customs flag. This procedure is known as the "flag conveyance" system. Transportation under customs flag must be completed within a stipulated time limit and follow the shortest route. Only in cases of high-duty goods does a customs officer accompany the vehicle.

#### **Temporary Admission for Manufacturing:**

In contrast to the system of factory bonded warehouses, the Netherlands has a liberal system of temporary entry under which it is possible for an exporting firm to process, manufacture, use, or repair foreign goods in its own building for eventual exportation free from import duties, and without official customs guard on the firm's premises. Temporary entry may be obtained in either of two ways.

First, exemptions from customs duties, excise taxes, and turnover taxes may be obtained when importing goods on condition that they are to be exported after being processed. However, a security deposit must be made to cover the taxes. The security deposit is released proportionally as goods are exported. Duties are collected on merchandise not exported.

Second, under special arrangements with the customs authorities, customs duties, excise taxes and turnover taxes levied on imported goods are refunded on that part of the goods which is exported after being processed or manufactured.

#### **Mailing Address:**

Additional information about the authorized operations, facilities available, charges, and regulations applicable to the customs-privileged facilities in Rotterdam may be obtained from:

Havenbedrijf der Gemeente Rotterdam  
(Rotterdam Port Authority)  
Afd. Handelsinrichtingen (Commercial

Establishments Department)  
Poortgebouw, 27 Stieltjesstraat  
Rotterdam, Netherlands

Director, Department of Commerce,  
Traffic and Industry  
Rotterdam Port Authority  
Rotterdam, Netherlands

Information about the facilities available in Amsterdam may be obtained from:

Gemeentelijke Havens en Handelsinrichtingen  
(Municipal Harbor and Commercial Service)  
Amsterdam, Netherlands

The Amsterdam Council for Port and Industry  
17 Battery Place  
New York, New York 10004

Inquiries concerning the facilities available at Schiphol Airport may be sent to:

Chief, Legal and Commercial Affairs  
N.V. Luchthaven Schiphol (Schiphol Airport Authority)  
Amsterdam, Netherlands

## **Spain**

**Spain has three free trade zones, located at Barcelona, Cadiz and Vigo. The Canary Islands and the Spanish cities of Ceuta and Melilla on the north African coast are free ports. Special facilities, similar to bonded warehouses, have been established in other Spanish ports and overseas territories.**

Spain, including the Balearic and Canary Islands, has a total land area of about 197,000 square miles, and a population of about 32.1 million. Metropolitan Spain is located on the Iberian Peninsula and is bordered on the west by Portugal and the Atlantic Ocean, on the north by the Bay of Biscay and by France, and on the east and south by the Mediterranean Sea. At the southernmost tip of the peninsula, at the entrance to the Mediterranean Sea from the Atlantic is the British fortified station of



Gibraltar. The Balearic Islands are situated in the Mediterranean off the eastern coast of the Spanish mainland, and the Canary Islands are situated in the Atlantic, about 75 miles west of the African coast. Spanish African territories include the towns of Ceuta and Melilla on the North African coast and the overseas province of Spanish Sahara.

The Spanish economy is largely agricultural, but has a rapidly growing industrial sector. Manufacturing covers a wide range of activities, including textiles, chemicals, iron and steel, shipbuilding, paper, motor vehicles, petroleum and cement. Spain is a member of the General Agreement on Tariffs and Trade (GATT), and is seeking association with the European Economic Community (EEC or "Common Market").

Although Spain has 300 seaports, most of the country's international maritime trade is handled through 15 primary ports. The most important of these are Barcelona, Bilbao, Valencia and Seville. The most important international airports are at Madrid and Barcelona with international air services provided by a Spanish carrier (Iberia) and a number of foreign airlines.

The internal transportation network is made up of rail, highway and air services. Spain has some 9,600 miles of railroads and about 82,000 miles of highways interconnecting all major production and distribution centers in the country and linking with the road and rail networks of France and Portugal. Domestic air cargo and passenger services link the principal cities of Spain, the Balearic and Canary Islands and Spanish overseas territories. Except for the Guadalquivir River which is navigable by ocean-going vessels between the Atlantic port of Cadiz and the river port of Seville, and by barges from Seville to Cordoba, inland waterways are not a significant means of transportation.

Free trade zones in Spain were first authorized by royal decree dated June 11, 1929. This law, as amended, remains the basic authority for the zones' activities.

## **Free Trade Zone at Barcelona**

### **Location**

The City of Barcelona is located on the Mediterranean coastline in northeastern Spain. It is

the country's chief port, industrial and commercial center and second largest city. It is also capital of Barcelona Province, which has an area of some 2,970 square miles and a population of about 2.8 million of whom about 1.7 million live in the city. The Spanish textile industry is concentrated in the Barcelona area. Other industries in the area include olive oil, wine, paper, glass, leather, chemicals, motor vehicles, machinery and petroleum refining.

About 7,500 ships call at Barcelona annually. Spanish-flag and numerous foreign shipping lines are represented. Barcelona also has an international airport. Rail lines and highways radiate out from the city to link it with other production and distribution centers.

The free trade zone is made up of a tract of about 2 square miles adjacent to the commercial port area.

### **Authorized Operations**

With certain exceptions, merchandise of foreign origin not permanently prohibited from importation into Spain may be brought into the free trade zone without payment of Spanish customs duties or other national taxes and remain free of such duties and taxes while held in the zone or if subsequently transshipped or reexported abroad. Duties become payable, however, if the merchandise is removed from the zone for consumption in Spain. Spanish merchandise may lose its nationality when brought into the free trade zone and become subject to customs duties if returned to Spain.

Operations authorized in the free trade zone include storing, packaging, mixing, processing, exhibiting, sampling, marking, selling, auctioneering, division of goods from bulk to commercial quantities, and manufacturing. The storage of goods not used in manufacturing is limited to a 6 year period; however, the period may be extended with permission of the customs authorities.

Any type of industry may be established in the free trade zone, except those which may be considered detrimental to the national economy. The establishment of an industry in the zone requires a permit issued by the Ministry of Finance. Applications for such permits must be submitted through the Ministry of Finance representative (Vice President) of the zone's administering authority.



When a product is manufactured in the free trade zone of both foreign and Spanish raw materials and for sale in Spain, duties are levied on the proportion of foreign components to the finished product.

#### Restrictions and Controls

The customs privileges of the free trade zone do not extend to the use or consumption of building and construction materials or food or beverages. These items must be procured in Spain, but if not used or consumed in the free trade zone may be returned duty-free to Spanish customs territory.

Special restrictions and controls apply to the entry and storage in the free trade zone of the following items: merchandise restricted or prohibited from importation; goods subject to State Monopoly, e.g., tobacco; objects for personal use such as jewelry, canes, parasols, umbrellas, and similar items; articles of clothing; merchandise of Spanish origin; postal correspondence and packages.

Retail sales in the free trade zone are prohibited.

#### Facilities Available

Warehouse facilities are available in the zone for general cargo; additionally, the zone's administering authority operates warehouses outside of the zone for bulk commodities. Land is available for lease; warehouses and industrial plants may be erected by lessees.

#### Administering Authority

The Barcelona free trade zone is administered by the *Consorcio de la Zona Franca de Barcelona* (Barcelona Free Trade Zone Consortium), directed by the Mayor of Barcelona. Other members of the consortium include a representative of the Ministry of Finance, (Vice President of the Consortium), other national and city officials and appointees from local trade and industry organizations.

#### Mailing Address:

Consorcio de la Zona Franca de Barcelona  
Paseo de Circunvalacion 1  
Barcelona 3, Spain

## Free Trade Zone at Cadiz

#### Location

Cadiz is Spain's chief Atlantic seaport. It is situated about 50 miles northwest of Gibraltar on the southwestern Spanish coastline at the junction of the Guadalquivir River and the Bay of Cadiz. The city is capital of Cadiz Province, which as an area of about 2,800 square miles and a population of about 830,000. The city has about 116,000 residents. It is a commercial center, naval base and has shipbuilding, machinery, drug and agricultural processing industries.

About 2,000 ships call at Cadiz annually, representing numerous Spanish and foreign carriers. The port is connected with inland points by road, rail and river transportation. The Guadalquivir River is navigable by ocean-going vessels as far as Seville and by barges as far inland as Cordoba.

The free trade zone is situated in the main port area.

#### Authorized Operations

See section under this heading in the summary of the free trade zone at Barcelona.

#### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Barcelona.

#### Facilities Available

There are limited general cargo storage facilities in the free trade zone. A complex of tanks, docks and pipelines for the discharge and storage of vegetable oils is in operation in the zone.

#### Administering Authority

The free trade zone is administered by the *Consorcio de la Zona Franca de Cadiz* (Cadiz Free Trade Zone Consortium), directed by the Mayor of Cadiz. Other members of the consortium include a representative of the Ministry of Finance (Vice President of the Consortium), other national and city officials, and appointees from local trade and industry organizations.

**Mailing Address:**

Consorcio de la Zona Franca de Cadiz  
Cadiz, Spain

**Free Trade Zone at Vigo****Location**

Vigo is an Atlantic port in northwestern Spain. It is situated in Pontevedra Province, which has an area of about 1,700 square miles bordered to the south by Portugal. Pontevedra Province has a population of about 750,000 of whom 168,000 live in Vigo, the principal city and commercial center. Vigo is a fishing center and has sawmilling, chemical, oil refining, cement, glass, paper, porcelain, leather and agricultural processing industries, shipyards and a naval base.

Vigo has about 1,500 ship arrivals annually of which about 400 are engaged in trans-Atlantic trade. There are rail and highway links with interior points, and an airport.

The free trade zone is located inland from the port area.

**Authorized Operations**

See section under this heading in the summary of the free trade zone at Barcelona.

**Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Barcelona.

**Facilities Available**

Only limited facilities are available at the present time, and the free trade zone is used principally for the assembly of trucks for export. Land is available for lease.

**Administering Authority**

The free trade zone is administered by the *Consorcio de la Zona Franca de Vigo*, (Vigo Free Trade Zone Consortium), directed by the Mayor of the City of Vigo. The Vice President of the consortium is named by the Ministry of

Finance. Other members include other city and national officials and appointees from local trade and industry organizations.

**Mailing Address:**

Consorcio de la Zona Franca de Vigo  
Vigo, Spain

**Note:**

An additional free trade zone has been authorized for establishment in the port of Cartagena on the southeastern Spanish coast.

**Other Facilities**

In addition to the free trade zones described previously, Spain has established three types of special facilities—free ports, free deposits, and commercial deposits. These special facilities offer commercial advantages similar in most respects to those offered in other countries under bonded warehousing systems.

**Free Ports**

Ceuta and Melilla, Spanish cities situated on the northern coast of Africa approximately opposite Gibraltar, and the Canary Islands are designated as free ports. The principal ports of entry of the Canary Islands are Las Palmas and Santa Cruz de Tenerife, and secondary ports are Sardinia de Galder, Arrecife, Puerto de Cabras, Puerto de la Cruz, Santa Cruz de La Palma, San Sebastian de Gomera, and Valverde.

In the free ports, the entry and exit of goods is controlled by license. Although Spanish customs duties are not levied in the ports or in their limited hinterlands, excise taxes may be payable. Foreign goods transferred from these areas into other parts of Spain become liable to payment of all applicable duties and taxes. Transit goods must be maintained in customs-controlled areas. The activities permitted in the free ports are similar to those permitted in the free deposits (see below). Control of free port operations is vested in the Directors of Customs of the respective ports.

**Free Deposits**

Free deposit facilities are located in the cities of Algeciras, Alicante, Bilbao, Pasajes and

Santander, all major maritime ports on the Spanish mainland.

A free deposit is a limited area in a major port containing the office of a maritime customs authority and is operated by a concessionary company under the general supervision of the customs authorities. Goods may be held in free deposits without payment of customs duties or other taxes.

General operations permitted in free deposits include storing, repacking, division of goods from bulk to commercial quantities, mixing, and all other operations which increase the value of goods deposited without changing essentially the nature of the goods. In addition, special operations such as shelling and roasting of coffee and cocoa, shearing of hides, pulverization of wood, washing of wool, and extraction of oil from copra and oil seeds may be undertaken.

Free deposits contain space for storage of all types of foreign merchandise the importation of which is not permanently prohibited by Spanish customs regulations. Combustible materials may be stored in free deposits if adequate safety facilities are available. Petroleum may be stored for use in supplying ships. Deposited merchandise may be sold or moved freely; however, sale or transfer will not alter the maximum period of storage permitted. Spanish merchandise licensed for export may also be stored in free deposits. Maximum storage time in the free deposits is limited to 4 years. The time limit does not apply to merchandise destined for use in the free deposit.

For detailed information concerning a free deposit, inquiry should be addressed to the *Deposito Franco* in the particular city in question. Inquiries may also be addressed to the Director of Customs in each city.

## Commercial Deposits

Commercial deposit facilities are maintained in the ports of La Coruna, Huelva, Seville, Malaga, and Valencia on the Spanish mainland and in Las Palmas in the Canary Islands.

Commercial deposits are similar to free deposits but offer more limited privileges. They are also operated by concessionary companies.

With a few exceptions foreign merchandise, and merchandise coming from the free ports of

the Canary Islands and North Africa, and from other Spanish protectorates and possessions on which no duties or taxes have been paid may be admitted to the commercial deposits without payment of customs duties or taxes.

With the approval of the customs authorities, merchandise may be stored, repacked, and removed in small quantities for samples. Goods may be freely sold in the commercial deposits; however, the customs authorities must be notified of the sale. Goods may be stored in the deposits for a period of 4 years and may be removed for reexportation abroad, for transfer to another commercial deposit, for consumption in the same locality, or for shipment in coastal trade to another Spanish customs area.

Merchandise which is prohibited entry in the commercial deposits includes: Spanish national merchandise, foreign merchandise which is eligible for importation by virtue of the fact that duties have been paid, goods entitled to enter Spain free of duty, tobacco of any type regardless of origin, merchandise the importation of which is forbidden by the customs tariff, and gunpowder, dynamite, and explosive mixtures.

Additional information about the commercial deposits may be obtained from the *Deposito de Comercio* in the particular city in question. In all cases inquiries also may be addressed to the Director of Customs in each city.

## Sweden

**Sweden has three free trade zones located in Gothenburg, Malmo and Stockholm.**

Sweden is one of the world's northernmost countries, and in terms of size, the third largest country in Europe. It has an area of 173,423 square miles and a population of about 7.9 million. The country has land borders with Norway on the west and north and with Finland on the north and east, and coastal boundaries in other directions. The seas which border Sweden are the Skagerrak, the Kattegat and the Oresund on the southwest, the Baltic Sea on the south and southeast, and the Gulf of Bothnia on the east.



The Swedish economy is highly industrialized and the population largely urban. Major industries are based directly on the country's most valuable natural resources, forests, iron ore, and water power. Foreign trade and shipping are important economic activities. Sweden is a member of the European Free Trade Association (EFTA) and of the General Agreement on Tariffs and Trade (GATT).

Sweden has an efficient network of railroads and intercity highways linking major production and population centers. The 9,000 miles of railroads connect directly with the Norwegian and Finnish systems and, by means of railroad ferries, with Danish, German, and Finnish systems. In the central and southern portions of the country there are inland waterway routes and along the coast of the Gulf of Bothnia coastal shipping is an important means of transportation. Domestic air services are also available.

Although Sweden has numerous ports, international trade is carried on primarily through the three major maritime ports of Gothenburg, Malmo and Stockholm. Sweden is one of the leading maritime nations of western Europe, and numerous Swedish and foreign-flag shipping companies provide frequent services between these ports and other countries. International air transportation is handled primarily at the Stockholm airport.

A national free trade zone law (*Frihamnsstadga*), enacted in 1935, established uniform regulations for all free trade zones in Sweden.

## Free Trade Zone in Gothenburg

### Location

Gothenburg, situated on the western coast of Sweden, is the country's principal port for overseas trade and during recent years has also developed into Scandinavia's major container handling center. With about 450,000 inhabitants it is the second largest city in Sweden and an important commercial and industrial center. It has three large shipyards and is one of the leading shipbuilding and repair centers in the world. Gothenburg is also the principal oil port in Scandinavia. There are two large oil refineries in Gothenburg and a major petrochemical complex is situated nearby.

The port of Gothenburg handles about 25,000 ship arrivals annually. There are about 80 liner services with frequent scheduled sailings from Gothenburg to all world ports. The Skandia Harbor since 1966 has developed into a center for container handling. Railways and roads radiate from Gothenburg to all parts of Sweden. Truckload shipments and containers are forwarded every night by special express freight trains to a large number of terminals in Sweden and other Scandinavian countries. The Gota Canal links Gothenburg with lakes which provide inland waterway transportation to Stockholm on the eastern coast. Gothenburg also has an international airport.

The free trade zone is situated in the main harbor area, directly across the Gota River from the main business district in the city. The two areas are connected by bridge.

### Authorized Operations

Goods of foreign origin may be brought into the free trade zone without payment of Swedish customs duties or taxes and remain free of such duties and taxes while held within the zone or if subsequently transshipped or reexported. Duties and taxes become payable, however, if the goods are removed from the zone for use or consumption in Sweden. Goods of Swedish origin and duty-paid foreign goods may also be brought into the free trade zone. Upon entry they are considered exports and become eligible for export rebates or drawback payments.

Goods may be stored in the free trade zone without time limit. Packing, unpacking, grading, cleaning, sorting, mixing, blending, breaking down from bulk, marking and similar activities are permitted. Such operations may be performed freely on goods in transit or for export or reexport. Manufacturing operations may also be established in the free trade zone, but require special permission from the national government.

Goods held in the free trade zone may be used as collateral or sold. The zone's administering authority is empowered to issue negotiable instruments indicating title to goods held on its premises, and thereby make possible their sale or mortgage through documentary transfers. Direct sales of customs-privileged

goods to ships or aircraft require special permission.

#### Restrictions and Controls

The free trade zone is within the jurisdiction of the Swedish customs authorities. Goods held in the zone are under customs control. Storage or other activities related to customs-privileged goods may be subject to supervision by the customs authorities.

The use, consumption, or retail sale within the zone of duty-free goods is prohibited. Only foreign goods which have been declared at customs and any applicable duties paid, or Swedish goods whose nationality has been maintained may be sold at retail, consumed or otherwise used within its confines.

#### Facilities Available

The free trade zone has a total land area of about 3.2 million square feet. Total covered storage space amounts to about 825,000 square feet of which 565,000 are heated, 212,000 are unheated and 48,000 are refrigerated.

The covered storage area comprises seven transit sheds, 11 warehouses and 20 steel lighters with a storage capacity of 270 tons each.

Importers and exporters may rent both warehouse space and office space from the administering authority of the zone, and conduct all arrangements in connection with their shipments from such premises. Exhibition facilities are not available.

#### Administering Authority

The free trade zone is administered by *Goteborgs Frihamns AB* (Gothenburg Free Port Company, Ltd.), a private company which operates under a concession from the municipal authorities of Gothenburg. This company is responsible for all storage, warehousing and other operations within the zone.

A port authority, *Goteborgs Hamnstyrelse* (Gothenburg Harbor Board), has responsibility for the administration of harbor facilities, the berthing of ships and the maintenance of sheds and cranes in the free trade zone as well as other port areas.

#### Mailing Address:

General Manager  
Goteborgs Frihamns AB  
S-40080 Goteborg, Sweden

General Manager  
Goteborgs Hamnstyrelse  
P. O. Box 2553  
S-40317 Goteborg, Sweden

#### Free Trade Zone at Malmo

##### Location

Malmo, near the southern tip of Sweden, is the country's principal port for trade with other European countries. It is situated on the Oresund almost directly across from the port of Copenhagen, Denmark. This location places it at the junction of main trade routes between the continent and the Scandinavian peninsula. Malmo is also the third largest city in Sweden and an important industrial area. The region served by the port covers a large area and includes more than 1 million inhabitants of whom about 255,000 reside in Malmo. Industries located in the Malmo area include shipbuilding, foundries and engineering, cement, packaging, tobacco, textiles, and food processing.

The port is served by numerous Swedish and foreign-flag shipping companies which provide frequent scheduled services to all points. It is equipped to handle containers and unit loads. Several railroad lines radiate from Malmo to other parts of Sweden, and there is train ferry service between Malmo and Copenhagen, Denmark, several times a day. Railroad tracks extend into the port area, including the free trade zone. There are main highways and a major airport nearby.

The free trade zone is situated in the main port area, close to the center of the city.

##### Authorized Operations

See section under this heading in the summary of the free trade zone at Gothenburg.

##### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Gothenburg.

## Facilities Available

The free trade zone has a total area of about 3.5 million square feet. There are 843,000 square feet of covered space of which about 415,000 are heated, and 12,000 are refrigerated. The remaining area is unheated. The free trade zone contains about 19 warehouses and sheds and a grain silo.

Importers and exporters may rent both warehouses and office space from the free trade zone's administering authority and may conduct all arrangements in connection with their shipments from such premises.

## Administering Authority

The free trade zone at Malmo is administered by *Malmo Frihamns AB* (Malmo Free Port Company, Ltd.), a private company which operates under a concession from the municipal authorities of Malmo. This company is responsible for storage, warehousing and other operations within the free trade zone. A port authority, *Malmo Hamnforvaltning* (Malmo Harbor Administration) has responsibility for the maintenance of sheds and equipment and for the berthing of vessels.

## Mailing Address:

General Manager  
Malmo Frihamns AB  
Hjalmaregatan 1  
S-21120 Malmo, Sweden

Malmo Hamnforvaltning  
Hjalmaregatan 1  
S-21120 Malmo, Sweden

## Free Trade Zone at Stockholm

### Location

Stockholm, situated on the east coast of Sweden at the junction of Lake Malar and the Baltic Sea, is the country's leading Baltic port. It is also the capital, largest city and main industrial center of Sweden. More than 1.2 million people live in Greater Stockholm. Its industries include iron and steel works, automobile production, chemicals, textiles, paper and food processing.

The port of Stockholm is served by about 50 shipping lines operating regular services to most of the coastal ports of Europe and to other continents. It has access to coastal traffic between Baltic and North Sea ports and there is also inland waterway transport from Stockholm to the west coast port of Gothenburg. Rail and highway lines link the port with inland points in Sweden and with neighboring countries. Sweden's major international airport is located outside of Stockholm.

The free trade zone is situated in the main port area and contains a substantial proportion of the port's general cargo handling facilities and storage installations.

## Authorized Operations

See section under this heading in the summary of the free trade zone at Gothenburg.

## Restrictions and Controls

See section under this heading in the summary of the free trade zone at Gothenburg.

## Facilities Available

The free trade zone covers an area of more than 4.1 million square feet, and contains five storage warehouses, 13 sheds and several grain silos. Covered storage space amounts to approximately 1.5 million square feet of which about 1.1 million are heated, 230,000 are unheated and 135,000 are refrigerated. There are special facilities for exhibiting.

## Administering Authority

The free trade zone at Stockholm is administered by *Stockholms Frihamns AB*, (Stockholm Free Port Company, Ltd.), a corporation owned by the municipal authorities of Stockholm. This company is responsible for storage, warehousing and other operations in the zone. a port authority, *Stockholms Hamnstryrelse* (Stockholm City Harbor Board) is responsible for the management of the harbor and the maintenance of equipment and installations in the free trade zone and other port areas.



## Mailing Address:

Stockholms Frihamns AB  
Sandhamnsgatan 57  
S-11528 Stockholm, Sweden

Stockholms Hamnstyrelse  
Sandhamnsgatan 57  
S-11528 Stockholm, Sweden

# Switzerland

Switzerland has an extensive system of bonded warehouses which offer some of the facilities of free trade zones elsewhere in the world. The largest of the Swiss facilities are maintained in the Basel, Geneva and Zurich areas.

Switzerland, situated in the center of Western Europe, has a land area of 15,944 square miles and a population of about 6 million. It is bordered by the Federal Republic of Germany on the north, Austria and the Principality of Liechtenstein on the east, Italy on the south and France on the west.

The Swiss economy is highly developed and largely industrialized. Commerce, banking, insurance and tourism are also significant economic activities. Foreign trade is of great importance, with most Swiss industries dependent upon imports for their raw materials and many selling a large proportion of their output abroad. Switzerland is a member of the European Free Trade Association (EFTA) and of the General Agreement on Tariffs and Trade (GATT).

Efficient rail, highway and air transportation facilities connect all points in the country and link with the systems of neighboring countries. Switzerland is an important international rail transit center, with major junctions at Basel, Brig, Chiasso, Geneva, Schaffhausen and Zurich. In all there are about 3,300 miles of railroads and 31,000 miles of surfaced roads. The Rhine River, which originates in Switzerland, accommodates inland waterway transportation between the river port of Basel and the North Sea. Basel, on the Upper Rhine at the

junction of the French-German-Swiss borders, provides Switzerland with direct water transport connections via the Rhine to Strasbourg, the German Rhineland, the Ruhr, Rotterdam and Antwerp. The port handles approximately one-third of Swiss imports. Incoming raw materials and commodities are transferred there to other modes. Major international airports are located at Zurich, Geneva and Basel. A Swiss carrier (Swissair) and numerous foreign international air carriers serve these airports.

## Customs-Privileged Facilities

Switzerland has an extensive system of customs-privileged facilities in which foreign goods can be stored and handled without payment of Swiss customs duties and subject only to minimal customs formalities. These facilities are essentially bonded warehouses, although they also offer certain free trade zone-type privileges.

The operations of the customs-privileged facilities are governed by the provisions of the Swiss Federal Customs Law as amended and executive regulations issued to implement the law. The facilities are subject to regulation by the Swiss Federal Customs Administration, which also has the authority to approve new facilities and the responsibility for overall control of merchandise held in them. The warehouses, however, are operated by public sector corporations, railroads, or private warehousing companies.

There are four categories of customs-privileged facilities in Switzerland—"free ports," storage facilities for goods in transit through the river port of Basel, federal entrepôts, and private warehouses. The first three are operated as public utilities, in the sense that they are available to all prospective users under the same conditions.

### "Free Ports"

The free ports (in French, *ports-francs*; in German, *zollfreilager*) are the most privileged of these facilities. They are, in effect, bonded warehouses which can accept shipments of goods that have not been cleared through customs and store them without time limit. Al-

though free port premises are guarded by customs officials and police, employees of companies using warehouse space and their visitors have free access to them at all times and may inspect goods and perform work without direct surveillance by customs officials. Swiss customs duties become payable only if the goods are removed from the free ports for use or consumption in Switzerland.

In addition to storage, other operations which do not change the tariff classification of goods held in the warehouses, such as assembling, sampling, mixing, inspecting, blending, and repacking are legally permitted in the free ports. Exceptions or additional operations, including manufacturing, may be allowed upon special application to the Swiss Federal Customs Administration in Bern.

In practice, the Swiss free ports vary widely both as to the categories of goods accepted and the types of operations permitted in individual warehouse facilities. For example, some accept general cargo, others are reserved for specified commodities such as liquid fuels, petroleum products, wines, spirits, etc., and others contain only refrigerated space for perishables. Similarly, depending on space and other limitations, individual free port facilities may not permit all of the operations listed as legally possible in the preceding paragraph. In addition, special Federal or local regulations may apply to certain commodities, such as foodstuffs, stored or handled in the free ports, and the Swiss Federal Customs Administration may impose particular regulations on some free port operations. Generally, facilities for manufacturing are not available in the free ports; they would be the object of special negotiations with the warehouse operators and with the customs authorities.

There are 18 free port facilities in Switzerland, located in or near major transportation centers, e.g., the port of Basel, railroad junctions, and the airports of Zurich and Geneva. The largest of the free port facilities are situated in the Basel, Zurich, Geneva and Chiasso areas.

### **Storage Facilities for Goods in Transit through the River Port of Basel**

Regulations governing the storage facilities for goods in transit through the river port of

Basel are similar to those applicable to the "free ports" described above. Goods eligible for storage in these facilities are limited to liquid fuels, cereals, and certain other specified bulk commodities. In addition, shipments of at least 26,400 pounds of other goods may also be warehoused in these facilities with a maximum storage period of 2 years.

### **Federal Entrepots**

Swiss federal entrepots are also warehouse-type facilities, but they are subject to stricter customs supervision and have more limitations than the free ports described above. They may accept goods that have not been cleared through customs and store them without payment of duty only for a specified period of time. The usual time limit is 2 years. Duties become payable when the goods are moved from the warehouses for use or consumption in Switzerland. Goods warehoused in entrepots are under customs control.

The operations permitted in entrepots are limited to storage, unpacking, repacking and such special handling as may be required by a particular type of goods. Generally, the processing of goods in entrepots is prohibited unless necessary to prevent deterioration.

There are eight entrepots operating in Switzerland. They are located at or near major railroad stations. The operators of entrepots are principally commercial organizations or cooperatives.

### **Private Bonded Warehouses**

Goods eligible for warehousing without payment of customs duties in these facilities are limited to specified items generally of a type for which there would be no danger of substitution, mostly bulk items and foodstuffs. The bonded warehousing facilities may be established anywhere in the country and are not guarded or otherwise supervised by the customs authorities. However, bond must be posted and cash or securities deposited against eventual payment of duties in the event the goods are used or consumed in Switzerland. The maximum storage period is 2 years. Bond is released if the goods are reexported from



the country. Goods intended for consumption in Switzerland may be processed in any way as the amount of customs duty is established prior to their entry into private bonded warehouses. However, goods intended for reexport may not be processed or altered in any way if bond is to be released; they must be presented to the customs authorities at the port of exit in the identical condition and even in the same wrappings as at the time of entry.

#### **Mailing Address:**

Inquiries about free ports and entrepôts may be addressed to:

Swiss Federal Customs Administration  
Monbijoustrasse 40  
3000 Bern, Switzerland

There are two associations of warehouse operators in Switzerland from which information on warehousing regulations may be obtained:

L'Association suisse des ports francs  
Port Franc de Geneve SA  
Route du Grand-Lancy 6  
1200 Geneva, Switzerland

Verband schweizerischer Lagerhauser  
Freigutstrasse 27  
8002 Zurich, Switzerland

## **Yugoslavia**

**Yugoslavia has five free trade zones located at Belgrade, Koper, Novi Sad, Rijeka and Split.**

Yugoslavia is situated in southeastern Europe, largely in the central and northwestern parts of the Balkan peninsula. It is bounded on the west by the Adriatic Sea, on the northwest by Italy, on the north by Austria and Hungary, on the east by Romania and Bulgaria, and on the south by Greece and Albania. It has a total land area of 98,766 square miles and a population of about 20 million.

Formerly an agricultural country, Yugoslavia has emphasized the development of industry in recent years and now has a mixed economy. Important industries include metal

manufacturing, textiles, food processing, wood-working, chemicals and electric energy production. Although Yugoslavia is a Communist state with all but the smallest economic enterprises socially rather than privately owned, in operation it often resembles a free enterprise economy. Plant management is decentralized, individual units have a large degree of independence and the national Government generally confines its economic activity to fiscal and monetary policy. International trade is becoming increasingly important to Yugoslavia. The country is a member of the General Agreement on Tariffs and Trade (GATT), and cooperates with both East and West European trading blocs.

Railroads are the chief means of transportation within Yugoslavia. There are about 7,200 miles of track interconnecting major production and population centers and linking with the rail systems of neighboring countries. There is a 49,000-mile road network of which about 9,000 miles are paved. The road network includes two new highways extending from Austria to Greece. Inland transportation is also provided by about 1,200 miles of navigable rivers and canals, principally the Danube River and its tributaries. Yugoslavia has six international airports, served by a national airline and a number of foreign carriers. Domestic air transportation is also available. There are three principal maritime ports, Rijeka, Split and Ploce, located on the Adriatic coast.

The legal authority for the establishment of free trade zones in Yugoslavia was published in the Yugoslav Official Gazette, Number 13, of 1963, under the title, "Amendment of the Customs Law." Implementing regulations were published in Official Gazette, Number 45, of 1963. Regulations which permit joint business ventures between Yugoslav and foreign firms to operate in the free trade zones appeared in Official Gazette, Number 20, of 1967. All free trade zones in Yugoslavia operate under individual concession, granted by the Secretariat for Finance in agreement with the Secretariat for Foreign Trade and the Secretariat for Transport and Communications.



# Free Trade Zone in Belgrade

## Location

Belgrade is situated inland in east-central Yugoslavia in the Republic of Serbia at the junction of the Sava and Danube Rivers. It is the capital of Yugoslavia and, with 703,000 residents, its largest city. Belgrade is also the country's commercial hub, principal river port and rail center, and an important industrial area. Industries located in or near Belgrade include machinery, electrical goods, automobiles, leather goods, textiles, shipbuilding (river craft) and agricultural processing.

Inland waterways (the Danube), rail lines and highways link Belgrade with other centers in Yugoslavia and with neighboring countries. The city has access to Danube River shipping extending from Austria on the north through eastern Yugoslavia to Romanian Black Sea ports. With completion of the Rhine-Main-Danube Canal in 1981, it will also have access to German and Dutch river and maritime ports. Railroads radiate from Belgrade to all points in Yugoslavia, and Belgrade is a major junction for international trains running between Turkey and the Balkan countries and the West European countries. It is also the site of Yugoslavia's principal international airport.

The free trade zone is located in the port area.

## Authorized Operations

Goods of foreign origin may be brought into the free trade zone without payment of Yugoslav customs duties and remain free of such duties while held in the zone or if subsequently transshipped or reexported abroad. Customs duties become payable, however, if the goods are removed from the zone for use or consumption in Yugoslavia. Goods of Yugoslav origin may also be brought into the free trade zone for storage, consolidation or processing pending actual export. Goods may be held in the free trade zone without time limit.

The operations which may be undertaken in the zone include loading, unloading, storage, breaking down from bulk, weighing, assembling, labeling, packing and the taking of samples. Industrial activities such as processing, mixing, manufacturing and repairing are also

permitted. Goods held in the free trade zone may be exhibited and sold at wholesale, and ship chandlery may be carried on.

Both foreign and Yugoslav firms may use the facilities of the free trade zone for the storage and dispatching of goods. Foreign firms may store their goods in public warehouses and, depending upon availability, lease space in such warehouses. In addition, recent Yugoslav legislation permitting joint ventures between foreign and domestic firms applies in the free trade zone. Such joint ventures are permitted to undertake industrial and commercial processing of goods in the zone, construct buildings to house such operations and, subject to special approval, the foreign participant may establish an office in the free trade zone and may employ both foreign nationals and Yugoslav citizens. Foreign construction equipment and related goods intended for temporary use in joint-venture projects may be admitted to the zone without payment of customs duties. Such equipment, however, must be removed from the zone when its use ceases.

## Restrictions and Controls

Customs-privileged goods may not be used or consumed in the free trade zone. Customs duties are payable and special documentation is required for imports of capital goods, fuels, etc. to be used by firms operating in the zone. With the exception of ship chandlery, retail trade in the free trade zone is not permitted.

Special controls apply to the entry and storage of goods the sale of which is prohibited by general or specific Yugoslav regulations, and also to goods such as narcotics, weapons, metals, and jewelry. Inflammable and explosive materials are subject to special handling and storage regulations.

For purposes of customs control, activities undertaken in the free trade zone are subject to supervision by the customs officials. Zone users are required to submit records to the administering authority, which in turn submits them to the customs authorities, concerning movements of goods in or out of the zone and any movement, handling, or processing within it. The customs authorities are empowered to impose additional special requirements as necessary.

## Facilities Available

The free trade zone contains about 108,000 square feet of covered storage space. Further information on facilities may be available from the administering authority.

## Administering Authority

The Belgrade free trade zone is operated by *Preduzece Beogradske Luke* (Belgrade Port Enterprise). The zone was established in 1964.

## Mailing Address:

Preduzece Beogradske Luke  
Belgrade, Yugoslavia

Yugoslav Federal Economic Chamber  
Kneza Mihailova 8  
Belgrade, Yugoslavia

## Free Trade Zone at Koper

### Location

Koper is a port situated on the western coast of the Istrian peninsula near the head of the Adriatic Sea, about 10 miles south of Trieste. Formerly a coastal port, Koper has only in recent years developed facilities to handle international maritime traffic. Additional port improvement and modernization projects, including the construction of a bulk cargo port for iron ore and petroleum storage facilities, are planned.

A railroad line linking the port with the Yugoslav railroad network has recently been completed. This line makes possible the direct transfer of goods by rail from Koper to neighboring countries. Inland transport by road is also available. There is no airport in Koper; the nearest international airport is located at Ljubljana, about 90 miles to the east. The free trade zone is located on the northern shore of the port and includes the entire international cargo-handling area. It is about 77 acres in area.

## Authorized Operations

See section under this heading in the summary of the free trade zone at Belgrade.

## Restrictions and Controls

See section under this heading in the summary of the free trade zone at Belgrade.

## Facilities Available

The free trade zone has sheds and warehouses which contain more than 430,000 square feet of covered space, open storage facilities comprising about 523,000 square feet, chambers for the disinfestation and accelerated ripening of fruit, a freezing plant, a cold storage warehouse and tanks for edible oils. An industrial area is planned.

Forwarding and other operations in connection with goods in transit may be arranged with several Yugoslav enterprises operating in the zone.

## Administering Authority

The free trade zone at Koper is operated by the *Podjetje Luke i Skladisca, Koper* (Koper Port and Storage Enterprise). The zone was established in 1964.

## Mailing Address:

Podjetje Luke i Skladisca  
Koper, Yugoslavia

Yugoslav Federal Economic Chamber  
Kneza Mihailova 8  
Belgrade, Yugoslavia

## Free Trade Zone at Novi Sad

### Location

Novi Sad is a rail center and Danube River port situated in northeastern Yugoslavia, about 60 miles north of Belgrade. It is also the capital of Vojvodina Autonomous Province and has a population of about 85,000. Its industries include oil refining, cotton textiles, farm machinery and agricultural processing. There are coal mines and natural gas fields in the vicinity. Novi Sad has easy access to river, road and rail transportation, but has no airport. The free trade zone is located in the port area and is roughly 861,100 square feet in area.

### Authorized Operations

See section under this heading in the summary of the free trade zone at Belgrade.

### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Belgrade.

### Facilities Available

Facilities are still under development. The administering authority may be able to provide specific information.

### Administering Authority

The free trade zone at Novi Sad is administered by *Preduzece Pristanista i Skladista* (Port and Storage Enterprise).

### Mailing Address:

Preduzece Pristanista i Skladista  
Novi Sad, Yugoslavia

Yugoslav Federal Economic Chamber  
Kneza Mihailova 8  
Belgrade, Yugoslavia

## Free Trade Zone at Rijeka

### Location

Rijeka is an Adriatic port in northern Yugoslavia, approximately 40 miles to the southeast of Trieste, Italy. It is situated on the eastern coast of the Istrian peninsula at the head of the Gulf of Kvarner, an inlet of the Adriatic Sea. Rijeka is Yugoslavia's principal maritime port and an important rail terminus and manufacturing center. Its industries include a major shipyard and repair facility, a large oil refinery, sawmills, tuna fishing, and the production of wine, olive oil and tobacco products. With more than 116,000 inhabitants, Rijeka is the sixth largest city in Yugoslavia.

The port of Rijeka handles more than 60 percent of Yugoslavia's foreign trade. It is served by numerous Yugoslav and foreign-flag shipping companies which provide frequent scheduled services. There are rail and highway

connections with all points in Yugoslavia and neighboring countries. Rijeka does not have an international airport, but is presently served by those at Zagreb and Ljubljana, both about 90 miles distant. However, an international airport to serve Rijeka is under construction on the island of Krk.

The free trade zone is situated in the port area.

### Authorized Operations

See section under this heading in the summary of the free trade zone at Belgrade.

### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Belgrade.

### Facilities Available

The free trade zone contains ten covered warehouses with more than 1,076,000 square feet of storage space and several open storage areas. There are also a grain elevator, a special plant for heating rubber, and a special chamber for cooling cargo.

Forwarding and other operations in connection with goods in transit may be arranged with several Yugoslav enterprises operating in the zone.

### Administering Authority

The free trade zone at Rijeka is operated by the *Poduzece Luke i Skladista Rijeka* (Rijeka Port and Storage Enterprise). The zone was established in 1964.

### Mailing Address:

Poduzece Luke i Skladista  
Rijeka, Yugoslavia

Yugoslav Federal Economic Chamber  
Kneza Mihailova 8  
Belgrade, Yugoslavia



## Free Trade Zone at Split

### Location

Split is a city and port situated about midway down the 1,200-mile Adriatic coastline of Yugoslavia. It is the country's second-ranking port and the principal city of the Dalmatian resort region. Industries located in or near Split include a shipyard, fish cannery, cement works, distilleries, carpet manufacturing plants, and coal mines. Tourism is also an important economic activity.

The port of Split handles about 15 percent of the country's foreign trade, and is served by a number of Yugoslav and foreign-flag shipping companies. The port is connected by rail with the major marketing centers at Zagreb, about 250 miles to the northeast, and Belgrade, about 470 miles to the east as well as with other points in Yugoslavia and neighboring countries. Split also has an international airport.

The free trade zone is situated in the port area.

### Authorized Operations

See section under this heading in the summary of the free trade zone at Belgrade.

### Restrictions and Controls

See section under this heading in the summary of the free trade zone at Belgrade.

### Facilities Available

The free trade zone, situated in the northern part of the port, is made up of commercial and industrial areas, totaling about 35 acres. It contains multi-storied warehouses which have a total storage area of 430,000 square feet and a grain silo. Industrial enterprises located in the zone include a slaughterhouse, a cement plant, a gypsum factory, a ship-scrapping facility and a marble plant.

### Administering Authority

The free trade zone at Split is operated by *Zajednica Lukih Poduzeca Split* (Association of Split Port Enterprises). The zone was established in 1967.

### Mailing Address:

Free Port  
Zajednica Lukih Poduzeca  
Split, Yugoslavia

Yugoslav Federal Economic Chamber  
Kneza Mihailova 8  
Belgrade, Yugoslavia



# LATIN AMERICA





# Latin America, the Caribbean, Bermuda

COUNTRY	TYPE OF FACILITY	PLACE
Argentina	Transit Zones	Barranqueras, Buenos Aires, Concordia, Empedrado, Jujuy, La Quiaca, Mendoza, Monte Caseros, Paso de los Libres, Pocitos, Rosario, Salta, San Juan
Bahama Islands	Free Perimeter	Tierra del Fuego
Bermuda	Free Trade Zone	Freeport, Grand Bahama Island
Brazil	Free Trade Zone	Freeport, Ireland Island
	Free Port	Manaus
	Transit Zones	Belem, Corumba, Manaus, Paranagua, Porto Velho, Santos
Chile	Free Perimeter	Northern Zone
	Free Perimeter	Southern Zone
	Transit Zones	Arica, Antofagasta
Colombia	Free Trade Zone	Barranquilla
	Free Port	San Andres Island
	Free Port	Providencia Island
	Free Perimeter	Amazonas
Mexico	Free Trade Zone	Coatzacoalcos
	Free Trade Zone	Salina Cruz
	Free Perimeters	Baja California, Sonora, Quintana Roo
Netherlands Antilles	Free Trade Zone	Aruba
	Free Trade Zone	Curacao
Panama	Free Trade Zone	Colon
Paraguay	Transit Zones	Concepcion, Encarnacion, Asuncion, Villeta
Peru	Free Perimeter	Amazon Region
	Transit Zones	Matarani, Mollendo
Uruguay	Free Trade Zone	Colonia
	Free Trade Zone	Nueva Palmira

# Chapter 9

## Free Trade Zones and Related Facilities in Latin America, the Caribbean, and Bermuda

### Argentina

Argentina has designated the following cities as transit zones: Barranqueras, Buenos Aires, Concordia, Empedrado, Jujuy, La Quiaca, Mendoza, Monte Caseros, Paso de los Libres, Pocitos, Rosario, Salta and San Juan. It has also established a free perimeter in the Maritime Province of Tierra del Fuego.

The Republic of Argentina occupies almost the entire southern part of South America east of the Andes. It is the second largest country on the continent, with a land area of almost 1.1 million square miles. It is bounded on the west by Chile, on the north by Bolivia and Paraguay, on the northeast by Brazil and Uruguay, and on the east and southeast by the Atlantic Ocean. The population of the country is around 23 million.

Argentina has a temperate-zone economy based largely on agriculture and a growing industrial sector. It is a member of the General Agreement on Tariffs and Trade (GATT) and is a member of the Latin American Free Trade Association (LAFTA). International commerce is largely centered about the capital city and principal port, Buenos Aires, although certain regional ports located on the Rivers Plate and Parana are becoming increasingly important.

Argentina's freight transportation pattern is typical of that found in most countries on the South American continent, except for landlocked Bolivia, in its heavy reliance on water transportation for the movement of freight. International freight is usually carried directly to Argentine ports by ocean carriers. Much of the regional and domestic freight is carried by coastal, and to a lesser extent, inland river carriers. For the most part, the use of overland transport is confined to domestic movements or to trade with contiguous countries where water shipping does not offer an alternative. In Argentina an expanding road network has superseded rail carriers in importance. Both rail and road networks connect with the systems of contiguous countries.

Because of the availability of direct ocean shipping to most South American countries, the use of customs-privileged areas for the facilitation of trade with third countries is limited. Free trade zones, free ports and free perimeters might therefore be expected to serve primarily the hinterland of the country in which they are located, and secondarily, remote areas of contiguous countries with which they share regional transportation systems, particularly navigable rivers. For the same reason, the most important transit zones in South America, from the viewpoint of third-country traders, are those which serve Bolivia and Paraguay as neither country has ocean ports of its own. Argentina affords both Bolivia and Paraguay access to Atlantic shipping lanes through a

number of transit zones which afford a variety of routes and modes of transport. From Argentina's deep water ports, goods may move to Bolivia directly overland by road or rail, or by a combination of river and overland routes. The principal route for Paraguay's international commerce is the Paraguay-Parana River system which connects the river ports and principal cities of Paraguay directly with Argentine deep-water ports. In addition to waterways, both road and rail transportation are available.

## Transit Zones

By international agreement Argentina provides special facilities for goods enroute to Bolivia, Brazil, Chile, Paraguay and Uruguay. Argentina does not levy customs duties or import taxes on such shipments, provided certain documentary and entry formalities are observed. Detailed information concerning the available facilities and applicable regulations in these zones may be obtained from the national authority responsible for their administration. The mailing address is as follows:

Direccion Nacional de Aduanas (National  
Customs Administration)  
Azopardo 250  
Buenos Aires, Argentina

The cities and ports designated as transit zones are:

**Barranqueras**—for Bolivia: Barranqueras is a port on the west bank of the Parana River. It is located almost 800 miles upstream from Buenos Aires and an approximately equal distance from the Bolivian border. The port is connected with Bolivia by rail. Barranqueras is accessible from Buenos Aires by river craft and small coastal vessels. Its importance as a transit zone lies in the fact that it gives land-locked Bolivia an outlet to Atlantic shipping, balancing those outlets provided by Chile through the Pacific ports of Antofagasta and Arica. (See section on Chile, following.)

**Buenos Aires**—for Bolivia and Chile: Buenos Aires is located in the estuary of the River Plate near the Atlantic Ocean. It is Argentina's capital, principal port, commercial and industrial center, and transportation hub. Goods in transit through Buenos Aires for Bolivia and Chile may be shipped by road or rail.

**Concordia**—for Brazil, Paraguay and Uruguay: Concordia is located on the Argentine side of the Uruguay River, directly opposite Salto, Uruguay. Goods may be shipped by rail or road from Concordia to the countries for which it is a transit zone.

**Empedrado**—for Brazil: Empedrado is a river port on the east bank of the Parana River. Goods may be shipped by rail from Empedrado to Brazil via Paso de los Libres (see below).

**Jujuy**—for Bolivia and Chile: Jujuy is a rail center and provincial capital in northwestern Argentina from which goods may be routed by rail to either of the countries for which it is a transit zone.

**La Quiaca**—for Bolivia: La Quiaca is a border town in northwestern Argentina. It is one of the two points at which the Bolivian and Argentine railroad systems connect. The Bolivian system extends northward to La Paz, and the Argentine system southward to the ports of Rosario and Buenos Aires.

**Mendoza**—for Bolivia and Chile: Mendoza is located in the west-central portion of Argentina. A meter-gauge Trans-Andean railway connects Mendoza with Los Andes, Chile. At both terminals, however, onbound goods must be transferred to broad-gauge systems.

**Monte Caseros**—for Brazil and Paraguay: Monte Caseros is located on the Uruguay River, at a point almost directly opposite the Brazil-Uruguay border. Goods may be shipped from Monte Caseros by rail through Paso de los Libres (see below) to Brazil. Goods destined for Paraguay may also be shipped by rail to the Argentine town of Posada where a ferry crossing the Alto Parana connects the two systems.

**Paso de los Libres**—for Brazil: Paso de los Libres is located on the Uruguay River almost directly opposite the Brazilian town of Uruguaiana. Goods may be transferred to the Brazilian rail system at this point.

**Pocitos**—for Bolivia: Pocitos is a border town in northern Argentina, and the second point at which the Bolivian and Argentine rail systems connect. The Bolivian system extends north to serve the western portion of that country. One of the Argentine lines extends southeastward to the upstream ports of the Parana, and the other southward to the ports of Rosario and Buenos Aires.

**Rosario**—for Bolivia and Chile: Rosario is a major port on the Parana River and is accessible



to ocean vessels. It is also a rail center and major transportation hub. Goods unloaded at Rosario may be shipped westward to Chile by rail via Mendoza, or northwest to Bolivia.

**Salta**—for Bolivia and Chile: Salta is located in northwestern Argentina. Goods may be routed westward to Chile through the Socompa Pass in the Andes, and thereby to the Antofagasta area. Goods may also be routed northward to Bolivia via either Pocitos or La Quiaca. Salta is also connected by rail with the Parana River ports and the lower Argentine ocean ports of Rosario and Buenos Aires.

**San Juan**—for Bolivia and Chile: San Juan is located in west-central Argentina, north of Mendoza. It affords highway and rail transportation to Bolivia and Chile.

## Free Perimeter of Tierra del Fuego

### Location

The Argentine Territory of Tierra del Fuego lies to the south of the Strait of Magellan. It occupies the northeastern portion of the major island of the Tierra del Fuego archipelago as well as some smaller adjacent islands. The remainder of the archipelago is held by Chile.

Separated from the Argentine mainland by the Strait of Magellan, the Territory is remote, underdeveloped and sparsely populated. It has a land area of approximately 8,000 square miles and a population of approximately 7,000 persons. Entry of all merchandise to this region is made through the Territory's ports of Ushuaia and Rio Grande.

### Authorized Operations

Free perimeter status was given to Tierra del Fuego by Decree-Law No. 7101 of 1956 which had as its goal the promotion of economic and social improvement within that region.

Both consumer goods and machinery and equipment to be utilized within the territory are permitted entry free of all customs duties, other import charges and port dues. Such imports, however, are subject to applicable quotas.

Imported goods withdrawn from the free perimeter area into the national customs territory are subject to payment of the duties,

charges and dues from which they had been exempted.

### Restrictions and Controls

No unusual restrictions or controls are applied.

### Administering Authority

The free perimeter area is administered by the Governor of Tierra del Fuego.

### Mailing Address:

Gobernador de Tierra del Fuego  
(Governor of Tierra del Fuego)  
Ushuaia  
Gobernacion Maritima de Tierra del  
Fuego  
Argentina

## Bahama Islands

**A free trade zone has been established at Freeport on Grand Bahama Island.**

The Bahama Islands extend in a southeasterly direction for about 700 miles in the Atlantic Ocean with the northernmost point approximately 50 miles east of Florida and the southernmost point approximately 90 miles from Haiti. There are about 2,000 islands in the group of which about 20 are important. The land area of these islands is approximately 4,400 square miles and their population totals about 160,000.

The Bahama Islands received complete internal self-government under a constitution which went into effect in January 1964. Foreign affairs, defense and internal security are reserved to the British Crown, which is represented in the Bahamas by a Governor. Tourism is the principal basis of the economy of these islands.

## Free Trade Zone at Freeport

### Location

Freeport is situated on Grand Bahama Island, the third largest and northernmost of the

Bahamas group. The population of the island is approximately 15,000 and its land area 560 square miles. Freeport lies 120 miles northeast of Miami and 145 miles northwest of Nassau, the capital of the Bahamas and the principal population center.

The free trade zone includes Freeport Harbor as well as some adjacent territory. It is served by a deep water harbor and an international airport.

#### **Authorized Operations**

The legal basis for the free trade zone at Freeport is a 1955 agreement between the Government of the Bahama Islands and the Grand Bahama Port Authority, a private corporation.

With the exception of "consumable stores," defined below, foreign goods to be utilized within the free trade zone or intended for subsequent reexport may be brought into Freeport by licensees of the Port Authority for the purposes of their business without payment of customs duties, excise taxes or other levies. Goods of foreign origin are subject to payment of customs duties if shipped from Freeport to other areas of the Bahama Islands. Goods leaving the free trade zone for foreign destinations are not subject to duties or excise taxes.

Consumable stores on which customs duties must be paid are articles imported for the personal use of any person or made available after importation for such personal use by sale, gift or any other means, whether or not the recipient is employed or resides within the free trade zone. Goods eligible for free entry into Freeport include building materials and supplies, machinery, equipment and vehicles for use in construction and operations within the zone and supplies necessary to the operation and administration of the zone as well as goods intended for storage, processing or reexport by licensees of the Grand Bahama Port Authority.

Firms undertaking operations within the free trade zone must be licensed by the Grand Bahama Port Authority. With few exceptions, any type of business considered legal by the laws of the Bahama Islands may be licensed to operate in the free trade zone. Operations which are specifically authorized include storing, processing, manufacturing, exhibiting, repairing,

shipbuilding, lumbering, engineering, contracting, bunkering and stevedoring.

A tax holiday incorporated into the 1955 agreement provides that the Government will not levy real estate or personal property taxes within the zone until 1980. In addition, the Port Authority, firms operating in the zone, and their employees are guaranteed freedom from income taxes on earnings generated from their activities within the zone until 1980.

#### **Restrictions and Controls**

There are no unusual restrictions on the entry, handling or removal of merchandise.

Businesses which may not be licensed by the Port Authority for customs-privileged operations within the free trade zone are those engaged in the sale of alcoholic beverages, retail trade, and the operation of motion picture theaters. Dutiable goods intended for retail sale within the free trade zone are liable to payment of duties prior to their release from storage.

#### **Facilities Available**

Open storage space encompasses about 100,000 square feet; covered storage space operated by the Port Authority amounts to about 90,000 square feet. The Port Authority does not lease buildings to firms operating in the free trade zone, but under licensing agreements with the Port Authority, firms are permitted to construct such facilities as they may require. Bunkering facilities have been constructed at Freeport.

#### **Administering Authority**

The free trade zone at Freeport is administered by the Grand Bahama Port Authority, Ltd., a private corporation under contractual obligation to the Government of the Bahama Islands. The Port Authority is responsible for police, road traffic, schools, hospitals and other governmental services.

#### **Mailing Address:**

Grand Bahama Port Authority, Ltd.  
200 Park Avenue  
New York, New York 10017

Grand Bahama Port Authority, Ltd.  
Freeport  
Grand Bahama, Bahama Islands

# Bermuda

**A free trade zone has been established  
at Freeport on Ireland Island.**

Bermuda is a British colony located in the Atlantic Ocean, approximately 570 miles east of the North Carolina coast. The colony is made up of numerous islands and islets of which about 20 are inhabited and interconnected by roads. The total land area of the group is about 21 square miles, and its population is about 50,000. Tourism is the principal economic activity.

## Free Trade Zone at Freeport, Ireland Island

### Location

The free trade zone, called Freeport, is located on Ireland Island about 10 miles from Hamilton, the colony's principal port and population center. It is connected with the main island and five other major islands of the group by a road network linked with bridges and causeways. Ferry service also connects Ireland Island with Hamilton. The free trade zone is served by a deep water harbor.

### Authorized Operations

The authority for the establishment of the free trade zone is the Ireland Island Freeport Act of 1956.

With the exception of "consumable goods," any goods may be imported into the free trade zone without payment of customs duties or taxes. Goods may be manufactured, processed, mixed, assembled, packaged and stored in the zone and exported to places outside the colony without payment of customs duties or taxes. Goods imported duty-free into the free trade zone become subject to duties if transferred into the customs territory of Bermuda.

Firms must be licensed by the administering authority to carry on business in the free trade zone. Firms operating in the zone under such license are exempt from taxes on real and personal property within the zone. Bermuda has no income taxes on earnings derived from operations. Companies pay only an exempted company tax of £200 (\$480) in Bermuda regardless of the amount of business transacted.

### Restrictions and Controls

Consumable goods which are entered into the free trade zone are subject to customs duties and taxes. Such goods are defined as, "food, liquor, beverages, cigarettes, tobacco and other such goods imported for sale by retail or for consumption in the Freeport."

Products or processes which may in any way contaminate the air or water or be offensive to the local population or injure the tourist trade are prohibited.

### Facilities Available

The free trade zone covers approximately 100 acres. Space, whether open or covered, is available to tenants on a lease basis only. Open storage space encompasses approximately 250,000 square feet. There are two buildings with about 25,000 square feet of floor space each and a number of smaller buildings each with 10,000 square feet or less of floor space available for use. There are also large areas of dock space, two deep water basins and cargo handling facilities.

### Administering Authority

The free trade zone is administered by the Bermuda Crown Lands Corporation, which is wholly owned by the Government of Bermuda.

### Mailing Address:

The Bermuda Crown Lands Corporation  
Mechanics Building  
Hamilton, Bermuda.



# Brazil

**Brazil has a free port located at Manaus; and six transit zones located at Belem, Corumba, Manaus, Paranagua, Porto Velho, and Santos.**

With a land area of 3.3 million square miles—almost one-half of the continent—and a population of about 87 million, Brazil is the largest and most populous country of South America. It is bordered on the east by 4,603 miles of Atlantic coastline, and to the north, east and south by every other South American country except Ecuador and Chile. The Amazon, and to a lesser extent other river systems, connect the interior with the coast, providing approximately 27,000 miles of navigable inland waterways. For these reasons, Brazil's Atlantic ports function as important terminals for ocean commerce, while certain river ports and inland rail centers serve as convenient transshipment points for the trade of neighboring countries.

Brazil is signatory to the General Agreement on Tariffs and Trade (GATT), and is a member of the Latin American Free Trade Association (LAFTA).

## Manaus Free Port

### Location

The free port of Manaus is situated some 1,000 miles upstream from the Atlantic Ocean in the heart of the Amazon region. It covers a territory of some 4,600 square miles which includes the city of Manaus on the banks of the River Negro about 12 miles north of the point where that river flows into the Amazon, and the adjacent area, extending some 31 miles upstream and 37 miles downstream along the banks of the Negro and Amazon rivers. The city of Manaus and its surrounding area have a population of 200,000. Manaus is the capital of the State of Amazonas, the westernmost and largest of the Brazilian states. The port is the region's principal trading center and gathering point for the downstream shipment of hardwoods, balata and other tropical products. Al-

though there are no railroads or arterial roads, river systems connect the port with Venezuela, Colombia and Peru as well as the eastern coast and intermediate points. Air carriers also serve the city. Certain free port privileges have also been extended to the territories west and south of Manaus.

### Authorized Operations

Legal sanction for a free trade zone at Manaus has existed since 1957; this was renewed and extended into sanction for a free port by Decree-Law 288 of February 1967. The operations of the free port are regulated by Decree 61,244 dated August 28, 1967 and extended by Decree 63,871 dated December 20, 1968.

Goods of foreign origin may be entered into the free port without payment of customs duties, or other state, federal or local taxes on imports, with the exception of arms, ammunition, passenger vehicles, tobacco, alcoholic beverages and perfume. Moreover, import licenses are not required. Foreign goods may be withdrawn from the free port for reexport or transshipment without the imposition of Brazilian customs duties. However, if such goods are withdrawn from the Manaus free port area for entry into non-free port areas of Brazil, customs duties and taxes must be paid and compliance made with all other import regulations.

Authorized operations for goods entered into the free port are warehousing, conservation and processing. In addition, assembly and manufacturing operations are permitted. Capital goods entered into the free port for such purposes, as well as other materials and equipment, enjoy full customs duty and import tax exemption. Packaged and encased goods originating in the free port area must bear the marking *Zona Franca de Manaus—Brasil* (Free Port of Manaus—Brazil) when in transit through Brazil. Commercial operations of any type allowed by the laws of Brazil including retail sale are permitted within the Manaus free port area.

### Restrictions and Controls

Goods prohibited from entry into Brazil may not be entered into the free port.

## Facilities Available

Goods entering Manaus can be accommodated in warehouses belonging to the port administration or private parties. Private parties may lease land for the construction of warehouses, offices and processing establishments.

## Administering Authority

The free port of Manaus is administered by a Superintendent assisted by an Advisory Council comprised of representatives of the Federal Ministry of Finance, Ministry of Transport and Public Works, State Government of Amazonas, Commercial Association of Amazonas, and the Superintendency of the Amazon Economic Development Plan. The free port and the advisory council operate under the general supervision of the Customs Division of the Ministry of Finance.

## Mailing Address:

Superintendente da Zona Franca de  
Manaus  
Manaus, Amazonas, Brazil

## Transit Zones

The Brazilian tariff law provides that goods in transit through the national territory by the usual channels of international trade enroute to another country are exempt from the payment of import duties. Any sea or air port where federal customs officials are stationed may be used as a transit zone for countries contiguous with Brazil. As a consequence, many Brazilian ports serve as transit zones although no special facilities have been created for transit shipments. In general, there is a 3-month maximum storage period for perishable goods and a 1-year period, extendable for another 6 months, for the storage of other goods.

In addition, through bilateral agreements, six ports have been designated officially as transit zones for the trade of specified neighboring countries. They are as follows:

**Belem**—for Bolivia and Peru: Belem, the major seaport in northeastern Brazil, connects western Bolivia and Peru with the Atlantic coast via the Amazon River system. Situated 70

miles from the sea on the Para river near the mouth of the Amazon, it is served by both ocean and river carriers, and functions as a transshipment point for onbound commerce. Although Belem has an international airport, river shipping is the principal means of transferring goods to and from western points. There is no rail system connecting the city with Bolivia and Peru, nor is direct road transportation feasible.

**Corumba**—for Bolivia: Corumba is a border town in southwestern Brazil. It is the terminus of the Brazilian section of the railroad which connects the Atlantic port of Santos with the central Bolivian city of Santa Cruz. Highway transportation is also available as the Bolivian and Brazilian road systems connect at Corumba.

**Manaus**—for Ecuador: See above.

**Paranagua**—for Paraguay: Paranagua is a coastal port in southeastern Brazil. It affords direct highway transportation to Asuncion, Paraguay.

**Porto Velho**—for Bolivia: Porto Velho is located in western Brazil near Bolivia's northwestern border. It links this area with Brazil's northern Atlantic ports via the Amazon river system, and with Brazil's southeastern Atlantic ports by road networks. A short railroad, unconnected with other systems, extends from Porto Velho to the Bolivian border.

**Santos**—for Bolivia and Paraguay: Santos is a major ocean port in southeastern Brazil. It affords Atlantic commerce direct rail transportation to and from eastern Bolivia via the Brazilian border town and transit zone of Corumba. It also connects with Asuncion, Paraguay via road networks, or a combination of highway-rail transportation. Santos is served by an international airport.

## Chile

Chile has free perimeter areas located in the northernmost and southernmost parts of the country. It also has two major transit zones for shipments to and from Bolivia in the ports of Arica and Antofagasta.



Chile, the seventh largest country in South America, extends 2,630 miles in a narrow ribbon of land along the continent's Pacific coast. To the northwest it is bordered by Peru, to the northeast by Bolivia, and along its long, eastern boundary by Argentina. The country's population numbers approximately 9 million.

Chile's lengthy, irregular Pacific coastline has facilitated the development of many ports which afford direct ocean transportation to most geographic regions of the country. In addition, the northern ports serve as transit points for shipments to and from landlocked Bolivia. Chile's major cities of Santiago, Concepcion and Valparaiso are connected by air, rail and road networks which also link with the systems of neighboring countries. Coastal shipping is an important means of transportation among the cities of the Pacific seaboard.

Chile is signatory to the General Agreement on Tariffs and Trade (GATT), and a member of the Latin American Free Trade Association (LAFTA).

## **Northern Zone Free Perimeter (Arica)**

### **Location**

The northern zone free perimeter area extends throughout the Province of Tarapaca, which is the northernmost province in Chile, bordering directly on Peru to the north and Bolivia to the east. Tarapaca is an arid, somewhat isolated area with a sparse population numbering approximately 147,000 and a limited local economy. Its ports of entry, sometimes referred to as free ports, are Arica, Pisagua and Iquique on the Pacific coast. Arica, situated almost immediately adjacent to the Peruvian border, is the principal center of economic and commercial activity within the province, as well as the site of most free perimeter operations. In addition to commerce, the more important economic activities are fishmeal processing, light manufacturing and assembly of appliances and automobiles from imported components.

The port of Arica also serves as a transit zone for and gateway to Bolivia, and one of its important functions is the export of Bolivian mineral ores. A railroad extends east from the city through the mining areas to the Bolivian capital of La Paz. A shorter rail line runs north

to the town of Tacna, Peru. Coastal shipping is the most common means of carrying goods between this area and southern Chile, although the completed portion of the Pan American Highway which run through Tarapaca may also be used.

Although the Province of Tarapaca is the principal area in the northern zone free perimeter, certain limited customs privileges are also accorded to the ports of Taltal in Antofagasta Province, south of Tarapaca, and Chanaral in Atacama Province, south of Antofagasta.

### **Authorized Operations**

The port of Arica in Tarapaca was given its customs-privileged status by Decree (DFL) 303 of 1953 which had as its purpose the promotion of industry in the northern region. Accordingly, the customs treatment of imported goods varies considerably, depending on their category; however, the Province offers certain advantages similar to those of free ports and free perimeters elsewhere in the world. Most goods entering Arica are processed or assembled there for subsequent shipment into the mainstream of the Chilean economy.

The free perimeter offers special advantages in the case of three classes of imports. First, many types of merchandise which, for the purpose of foreign exchange conservation, are not permitted entry into other parts of Chile may be imported into the free perimeter. Such goods—luxury items—brought into the free perimeter are subject to full payment of customs duties plus 200 percent of the CIF value. Second, goods which are normally permitted entry into Chile benefit in Arica by exemption from prior import deposit requirements, although the regular basic duties are assessed in full. The third category is composed of specified goods on which all customs duties and import taxes are waived. It includes foodstuffs, construction materials, most types of machinery, trucks, fuel, automobile parts, raw materials, and those commodities used in mining, fishmeal production, agriculture or in the establishment or operation of regular industry. Ports within the free perimeter other than Arica have differing specified privileged import categories.



In general, goods obtaining these special exemptions may not be shipped to the rest of Chile unless they have first been processed or assembled. In such case they are subject, depending on type, to payment of 50 percent or 75 percent of the regular customs duties. In the case of goods receiving 50 percent off regular customs duties and taxes there must be no production of the goods elsewhere in the country. In the second instance, where 75 percent is deductible from regular duties and taxes, the local production in Chile must be insufficient to meet demand. The Ministry of Economy must certify to facts in both situations. All imports of items involved in these two related situations are exempt from normal deposits, prohibitions and other restrictions applicable elsewhere in Chile.

The more important operations authorized for the zone are: assembly of appliances and automobiles, light manufacturing, fishmeal production, and minerals exportation.

#### **Restrictions and Controls**

See above.

#### **Facilities Available**

For detailed information on facilities available in Arica, inquiries should be addressed to the Arica Development Board (see below).

#### **Administering Authority**

The free perimeter in Tarapaca Province is legally administered by a Governor appointed by the President of Chile and directly responsible to the Ministry of Interior. Operations in Arica are controlled by the Arica Development Board.

#### **Mailing Address:**

Junta de Adelanto de Arica (Arica  
Development Board)  
Casilla 14-D  
Arica, Chile

Information on the northern zone may also be obtained from:

Servicio de Aduanas (Customs  
Department)  
Ministerio de Hacienda (Ministry of  
Finance)  
Teatinos-Moneda—Piso 12  
Santiago, Chile

Departamento de Comercio (Commerce  
Department)  
Ministerio de Economia, Fomento y  
Reconstruccion (Ministry of  
Economy)  
Teatinos-Moneda—Piso 10  
Santiago, Chile

## **Southern Zone Free Perimeter (Chiloe, Aysen and Magallanes)**

#### **Location**

Chiloe, Aysen and Magallanes are the three southernmost provinces in Chile. They are among the more remote and underdeveloped areas of the country, having among them about 3 percent of the population (233,000) in more than 33 percent of the area of Chile and being devoted largely to agriculture, sheep and cattle raising, mining, fishing, logging, and more recently, petroleum exploration and production.

There are two ports of entry for the free perimeter area—Castro in the Province of Chiloe, and Punta Arenas in the Province of Magallanes. Castro is accessible from the northern port city of Puerto Montt by a combination of road and rail. Punta Arenas, located near the western end of the Strait of Magellan, is a port in its own right. A road connects this port with the southern Argentinian city of Santa Cruz. Between and among the three provinces, coastal shipping is the major means of transportation.

#### **Authorized Operations**

These provinces were established as a customs-privileged area by Law 12,008 of 1956, which had as its goal the stimulation of economic growth and the promotion of industrial development within the region.

Under a recent law involving the Provinces of Magallanes, Chiloe and Aysen—16,813 of May 1968—the following merchandise is ex-

empt from all duties and taxes: foodstuffs, cattle, essential clothing and shoes, chassis, parts and vehicles for public carriers, industrial equipment and finished and raw materials of all types needed for or used in connection with establishing local industries, especially fishing and mining.

Imports of other goods which are restricted from entry into other parts of Chile may be entered into this zone subject to quota allocation, established yearly as a percentage of the zone's exports. Such imports, however, are subject to payment of full import duties, but free of prior deposit requirements.

In addition to retail trade, operations authorized for the perimeter include assembly, manufacturing and mining.

#### **Restrictions and Controls**

See above.

#### **Facilities Available**

For information concerning facilities, inquiries should be addressed to the administering authority (see below).

#### **Administering Authority**

Operations are under the direct control of the national Government, and administered by the customs authorities in the respective ports.

#### **Mailing Address:**

The authorities responsible for the administration of the ports of entry to the southern zone free perimeter are as follows:

Administrador de Aduanas  
(Customs Administrator)  
Castro, Chile

Administrador de Aduanas  
(Customs Administrator)  
Punta Arenas, Chile

Detailed information on the zone may also be obtained from:

Servicio de Aduanas (Customs  
Department)  
Ministerio de Hacienda (Ministry of  
Finance)

Teatinos-Moneda—Piso 12  
Santiago, Chile

Departamento de Comercio (Commerce  
Department)  
Ministerio de Economía, Fomento y  
Reconstrucción (Ministry of  
Economy)  
Teatinos-Moneda—Piso 10  
Santiago, Chile

## **Transit Zones**

According to terms of a Transport Convention signed by Bolivia and Chile in 1937, Bolivia is given free access to Chilean ports for purposes of international commerce. Such transit shipments are not subject to payment of Chilean customs duties or other taxes. At present, however, Arica and Antofagasta are the principal ports used for this purpose.

**Arica**—See above.

**Antofagasta**—Antofagasta is a major port on Chile's Pacific coastline, and functions as a major transit point for Bolivian commerce. Recently, its facilities have been extended to Paraguay as well. It has rail connections with a number of points in eastern Bolivia, and shipments may be routed directly by rail to either La Paz or Sucre. Goods destined for Paraguay may be routed overland by rail transiting Argentina. Antofagasta is also served by an international airport.

## **Colombia**

**Colombia has established a free trade zone at Barranquilla, two free ports on San Andres and Providencia Islands, and a limited free perimeter area in Amazonas.**

Colombia, the fourth largest country in South America, is located in the northwestern corner of the continent, entirely within the tropics. It has a Caribbean coastline to the north, and a Pacific coastline to the west. It has land borders with Panama to the north, Venezuela to

the east, Brazil to the southeast, Peru to the south, and Ecuador to the southwest. The country has a land area of 440,500 square miles, including a number of islands in the Caribbean and Pacific, and a population of approximately 18.5 million. Agriculture is Colombia's major economic activity; coffee is the country's principal export, accounting for about two-thirds of total foreign exchange earnings. Colombia is a member of the Latin American Free Trade Association (LAFTA).

A 22,000-mile road system links population centers in the country and is a principal means of inland transport. It is supplemented by rail and inland waterway systems as well as domestic air transport. Most international commerce is routed through the ports of Buenaventura on the Pacific coast, or the Caribbean ports of Barranquilla, Santa Marta and Cartagena. The Pan American Highway system crosses Colombia, linking it with Ecuador and Venezuela. Eastern Colombia is accessible from Venezuela via the Orinoco river system, and the southeastern portion of the country is accessible from Brazil via the Amazon river system. There are no railway connections with the railways of neighboring countries.

## Free Trade Zone at Barranquilla

### Location

The free trade zone is located in the port of Barranquilla on the Magdalena River—Colombia's principal inland waterway—at a point approximately 13 miles from the Caribbean. Barranquilla is one of the country's three leading ports, receiving both ocean traffic from abroad and river traffic from the interior, as well as a major industrial and distribution center. It has a population in excess of 400,000.

In addition to the Magdalena River, which in its 1,025-mile course connects the port with the economic heartland of the country located between the mountain ranges of the west, Barranquilla offers overland transportation via trunk highways to most important inland cities such as Bogota, the capital, Medellin, and Cali, and beyond to link with the road systems of Ecuador and Venezuela. Airlines also serve the city. Although the rail system does not extend to Barranquilla, it does connect at several in-

land points with road and river transportation serving the city.

### Authorized Operations

The establishment of the free trade zone at Barranquilla was authorized by Law 105 of 1958. Actual operations began in 1964.

With the exception of prohibited goods (see Restrictions and Controls, below), all kinds of merchandise, products, raw materials, packing materials and other commercial items, whether of foreign or Colombian origin, may be brought into the zone, stored there, or processed without payment of customs duties, export duties or other tax levies of any nature. Goods of foreign origin if subsequently reexported remain free of all such duties, while goods of Colombian origin become subject to payment of export duties (if applicable) upon exportation. Goods of foreign origin may be withdrawn from the zone for consumption or use in Colombia upon procurement of an import license and payment of customs duties and other applicable taxes. In the case of goods manufactured in the zone for use in Colombia, duties and taxes are paid only upon the imported components used. Merchandise in transit is exempt from all duties and taxes.

The operations authorized within the zone include storage, exhibiting, packing and unpacking, manufacturing, packaging, assembling, refining, and blending. In general, any type of processing may be undertaken on goods entered into the zone. Prior permission of the administering authority must be obtained before firms may establish operations in the zone. Firms operating within the zone are subject to Colombian income taxes and laws regulating industrial activity.

### Restrictions and Controls

Unless specifically authorized by the national government, explosives, inflammable materials, firearms and weapons, as well as other articles that may be specified in the regulations of the zone, are prohibited entry.

Retail business is not permitted.



## Facilities Available

The free trade zone has a total area of over 220 acres, of which more than one-half has been designated for use as sites for major industry. The remainder is reserved for warehouses and small industry. The initial area of operations is, however, considerably smaller. Warehouses operated by the administering authority have a total of about 90,000 square feet of storage space. There is also a substantial amount of privately-owned warehouse space.

Buildings for offices, warehouses, or factories, if available, may be rented from the administering authority or may be constructed by private persons or legal entities on land leased from the administering authority. At the present time the owner of merchandise stored in the zone must make his own arrangements for transportation and handling within the confines of the zone.

## Administering Authority

The Free Industrial and Commercial Zone at Barranquilla (*Zona Franca Industrial y Comercial de Barranquilla*) is a non-profit, autonomous public establishment. It is administered by a Board of Directors and a Manager subject to the supervision and control of the Comptroller General of the Republic of Colombia.

## Mailing Address:

Zona Franca Industrial y Comercial de  
Barranquilla  
Apartado Aereo 2088  
Barranquilla, Colombia

## Free Ports on San Andres and Providencia Islands

### Location

San Andres and Providencia Islands are the most important of Colombia's insular territories. They are situated in the Caribbean more than 430 miles northwest of the Colombian coast and about 130 miles east of Nicaragua. They are isolated from and less developed than the mainstream of the Colombian economy. The free port facilities are of limited importance to international traders.

## Authorized Operations

Goods may be imported freely into these islands, subject only to a tax of 10 percent of the CIF value. Subsequent shipment to the mainland is restricted to those goods imported by Colombian travelers who remain in the islands for a specified period of time. Maximum values and quantities are established by the Colombian authorities. Recently, there have been indications that Colombia is considering modifying the status of the free ports.

## Administering Authority and Mailing Address:

Intendente (Governor) de San Andres y  
Providencia  
San Andres Island, Colombia

## Free Perimeter in Amazonas

### Location

Amazonas is a *comisaria* (territory) located in the southwestern portion of the country. It is bordered directly by Peru on the west and Brazil on the south and east. It is an isolated and sparsely populated area, served neither by trunk highway nor rail.

## Authorized Operations

The Amazonas free perimeter in Colombia is part of a larger free perimeter area officially known as the *Zona Libre de la Amazonia Internacional* (International Free Zone of the Amazon) which was established by joint agreement of the governments of Colombia and Peru, for the benefit of the remote Amazon territories of the two countries. Raw materials and capital goods of foreign origin to be used in the territory for its development may be entered free of customs duties. If re-shipped to other areas of Colombia, such goods become subject to normal customs duties. The only Colombian port of entry for this area is Leticia, a river port on the Amazon river.

## Administering Authority

The special tariff arrangements of the Colombian section of the free perimeter area are

administered under the direct control of the Bureau of Customs of the Government of Colombia (*Direccion General de Aduanas*).

**Mailing Address:**

Direccion General de Aduanas  
Carrera 12, No. 15025  
Bogota, Colombia

Capitania del Puerto de Leticia (Leticia  
Port Authority)  
Leticia, Colombia

## Mexico

**Free trade zones in Mexico have been established at Coatzacoalcos (Puerto Mexico) and Salina Cruz. Limited free perimeter areas are located in Baja California, northwest Sonora and the Territory of Quintana Roo, and limited free perimeter areas surround other major Mexican towns and cities along the border with the United States.**

Mexico is the third largest republic of Latin America. It has a land area of 761,600 square miles and a population of 46 million. It is bordered to the north by the United States, adjoining the States of Texas, New Mexico, Arizona and California. It is bordered to the southeast by British Honduras and to the south and southwest by Guatemala. To the west, Mexico has a Pacific coastline of 4,100 miles, and to the east, a coastline of 1,600 miles along the Gulf of Mexico and the Caribbean Sea.

Mexico has a well-developed transportation system. There are 14,500 miles of railroad track which connect at several border points with U.S. railroads. There is an all-weather road network of 38,600 miles which links with the road systems of the United States and Central America. Air transportation is provided by many airlines of which 20 provide international service. Two Mexican shipping companies and a number of foreign carriers provide service for international seaborne commerce. It has been estimated that two-thirds of Mexico's imports are carried by truck and rail, however, and that the greater part of the country's

internal distribution is by truck. Mexico participates in the Latin American Free Trade Association (LAFTA).

The authority for the establishment of the free trade zones is the "Law of the Free Ports" (*Ley de Puertos Libres Mexicanos*), promulgated in 1946. This law ordered the creation of free trade zone facilities at Coatzacoalcos (Puerto Mexico), Salina Cruz, Matias Romero and Topolombampo, but only the first two have actually entered into operation. Because of the title of the law these facilities are frequently called "free ports."

## Free Trade Zone at Coatzacoalcos

### Location

Coatzacoalcos, also called Puerto Mexico, is located in Veracruz State in southeastern Mexico facing the Bay of Campeche, over 300 miles southeast of Mexico City. It is situated south of the port city of Veracruz and at the eastern end of the Tehuantepec isthmus, Mexico's narrowest point. It is approximately 190 miles across the isthmus from Coatzacoalcos to Salina Cruz, its Pacific terminus. (See section on free trade zone at Salina Cruz, following.) Coatzacoalcos has a population of about 50,000 and the State of Veracruz a population of about 3.1 million. Petrochemical and sulfur extraction industries are located in the area, although it is also an important agricultural region in which a number of tropical and sub-tropical products are cultivated.

Coatzacoalcos and Salina Cruz are connected by trans-isthmian railroad and highway. The railroad links with a north-south rail line, affording transportation to Veracruz, Mexico City and other points. Coatzacoalcos is also the terminus for a southeastern railroad line serving the Yucatan peninsula. Overland highway transportation to Mexico's major population centers and to Central America is also available.

### Authorized Operations

Goods of foreign origin may enter the free trade zone without payment of customs duties; such duties are levied, however, if the goods are subsequently imported into the customs territory of Mexico. In the case of goods man-

ufactured within the zone and entered into Mexican customs territory, duties are assessed according to the amount of foreign raw material used in their manufacture.

Operations authorized within the free trade zone include loading, unloading, storing, sampling, mixing, exhibiting, blending, packaging, processing, repacking and manufacturing.

#### **Restrictions and Controls**

Arms and ammunition may not be imported into or manufactured within the free trade zone without prior permission of the Mexican Government.

#### **Facilities Available**

The free trade zone at Coatzacoalcos has three warehouses affording 129,000 square feet of storage space. Open storage space is ample. No facilities for processing operations have been made available; however, land may be leased from the Mexican Government for the construction of facilities. No entire buildings are available for lease for storage purposes.

#### **Administering Authority**

The free trade zone is administered locally by a *Superintendencia del Puerto Libre* (Superintendency of the Free Port), and nationally by the *Puertos Libres Mexicanos* (Directorate of the Mexican Free Ports), an autonomous agency of the Government of Mexico.

#### **Mailing Address:**

Superintendencia del Puerto Libre  
Coatzacoalcos, Mexico

Puertos Libres Mexicanos  
Cuernavaca 5-1  
Mexico, D. F., Mexico

### **Free Trade Zone at Salina Cruz**

#### **Location**

Salina Cruz is situated on the western side of the Isthmus of Tehuantepec, facing the Pacific Ocean. Its population is about 10,000 and

the State of Oaxaca, in which it is located, has a population of about 1.8 million. Salina Cruz is primarily a fishing port. Its surrounding area is agricultural, although because of some nearby archeological sites, tourism is being developed.

Salina Cruz lies south of the port and resort area of Acapulco, and more than 300 miles south of Mexico City. It is connected with Coatzacoalcos on the Gulf coast by both road and railroad. Rail transportation also runs south to the Guatemalan border. Highways extend both north to Mexico City and south to link with systems of Central America.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone at Coatzacoalcos.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Coatzacoalcos.

#### **Facilities Available**

The facilities are the same as those described under this heading in the summary of the free trade zone at Coatzacoalcos.

#### **Administering Authority**

See section under this heading in the summary of the free trade zone at Coatzacoalcos.

#### **Mailing Address:**

Superintendencia del Puerto Libre  
Salina Cruz  
Oaxaca, Mexico

Puertos Libres Mexicanos  
Cuernavaca 5-1  
Mexico, D.F., Mexico

### **Free Perimeters in Baja California, Sonora and Quintana Roo**

(Mexican free perimeter areas are sometimes referred to as "free zones.")



## Location

**Baja California**—The entire peninsula of Lower California is a limited free perimeter area. The peninsula comprises both the State of Baja California and the Territory of Baja California. It lies between the Gulf of California on the east, and the Pacific Ocean on the west. It is bordered to the north by the State of California. The peninsula has a population of about 1 million. The ports of entry for the free perimeter are Ensenada, La Paz, Los Algodones, Mexicali, Santa Rosalia, Tecate, Tijuana and San Jose Del Cabo.

**Sonora**—The Mexican State of Sonora has three limited free perimeter areas immediately adjacent to the Arizona border. They are: Sonora's northwestern tip, including the ports of entry of San Luis Rio Colorado and Sonoyta; the city of Nogales and surrounding area, opposite Nogales, Arizona; and the city of Agua Prieta and surrounding area, opposite Douglas, Arizona.

**Quintana Roo**—The Territory of Quintana Roo on the Yucatan peninsula has several limited free perimeter areas with ports of entry facing on the Caribbean Sea. They include two islands, Isla Mujeres and Cozumel; and two cities on the mainland, Xcalak and Chetumal.

## Authorized Operations

The free perimeters are primarily consumption zones, remote from the mainstream of the Mexican economy and isolated from it by a relative lack of transportation and communications facilities. For this reason, the Government of Mexico has authorized special import privileges for the areas. These import privileges exempt only specified goods from the payment of customs duties and import licensing requirements. The number and kind of privileged imports vary from one free perimeter area to another. No list of privileged imports exists, but rather a list of items not considered exempt is maintained by the Mexican authorities. In general, the number of items for which special import privileges are granted is being reduced as domestic production is increased and more transportation facilities are developed. Privileged goods of foreign origin re-

moved from the free perimeter areas into other regions of Mexico are subject to payment of full customs duties and compliance with import licensing requirements.

In addition to imports for consumption, operations authorized within the free perimeter areas include unloading, storing, sampling, mixing, exhibiting, blending, packaging, processing and manufacturing. All operations must be approved by the General Customs Administration in Mexico City.

## Restrictions and Controls

The importation or manufacture of arms and ammunition must be approved by the Government of Mexico. The items eligible for free perimeter import privileges are subject to frequent change.

## Facilities Available

Privately-owned storage space is available in many perimeter areas. Official warehouses are located at Mexicali, Tecate, Tijuana, La Paz, Ensenada and in Quintana Roo.

## Administering Authority

The free perimeter facilities in the cities of Chetumal, Cozumel, Isla Mujeres and Xcalak in the Territory of Quintana Roo, and in the cities of Nogales and Agua Prieta in the State of Sonora, are administered locally by the *Aduana Fronteriza* (Office of Border Customs). The ports of entry and free perimeter areas in northwestern Sonora, San Luis Rio Colorado and Sonoyta, and in Baja California, are administered locally by an *Administrador de la Aduana* (Administrator of Customs). Each of these offices is responsible to the General Customs Administration in Mexico City.

## Mailing Address:

Direccion General de Aduanas (General Customs Administration)  
Palacio Nacional  
Mexico, D.F., Mexico

# Netherlands Antilles

**The Netherlands Antilles has two free trade zones located on the islands of Aruba and Curacao.**

The Netherlands Antilles comprises two groups of islands lying at opposite sides of the Caribbean Sea about 500 miles apart. The larger and economically more important group is made up of the islands of Aruba, Bonaire and Curacao which lie some 15 to 70 miles from the coast of Venezuela. The other group is made up of the islands of St. Eustatius, Saba and the southern half of the island of St. Maarten (the northern half being the French St. Martin) in the Leeward Islands chain. The total land area of the Netherlands Antilles is about 380 square miles and total population is about 200,000. The economy is based largely on the oil refineries of Aruba and Curacao which process petroleum imported mostly from Venezuela. Almost all products required for production and consumption in the Netherlands Antilles must be imported.

The Netherlands Antilles is an integral part of the Kingdom of the Netherlands, but has a considerable amount of autonomy for internal affairs. The Antilles is an associate member of the European Economic Community (EEC or "Common Market"), and goods produced in the Antilles which meet the EEC's origin requirements are allowed unrestricted and duty-free entrance into the EEC.

The authority for the establishment of free trade zones on Netherlands Antilles territory is the "National Ordinance on Free Zones" of 1956.

## Free Trade Zone on Aruba

### Location

The free trade zone is located in the harbor of Oranjestad, the main port and capital of Aruba. Oranjestad is situated at the southwestern end of the island which has a total land area of about 71 square miles and a population of about 60,000. Aruba lies 50 miles west of

Curacao and 15 miles north of the Venezuelan coast. Its location gives it access to a number of shipping lanes and air routes connecting Europe and the United States with the Panama Canal and the ports of the Caribbean and Central America. Aruba's principal industry is petroleum refining. There is also a petrochemical company.

### Authorized Operations

Goods may be imported into the free trade zone without payment of customs duties or excise taxes. Such charges, however, become payable if goods are transferred from the zone into the customs territory of the Netherlands Antilles. Goods exported from the free trade zone to places abroad are not subject to export duties or to excise taxes.

Within the free trade zone goods may be stored, packed, handled, manufactured, exhibited and taken out of bond.

Firms operating within the free trade zone are accorded substantial tax incentives. For a period extending until 1981, the profits tax levied on businesses established within the free trade zone (excluding such earnings as may be derived from sales to the domestic market) is reduced to one-third of the normal tax rate. In addition, industrial enterprises meeting the criteria of the "National Ordinance for the Promotion of Industrial Establishment and Hotel Construction" of 1953 may qualify for a 10-year tax holiday with respect to the profits tax, income taxes on dividends and certain other taxes. The principal requirements set forth are that the enterprise must be an industry not existing in the Netherlands Antilles on January 1, 1948, and that a minimum investment equivalent to \$53,500 or the employment of at least 10 persons be undertaken.

### Restrictions and Controls

Use of the free trade zone is restricted to limited liability corporations established under Netherlands Antillean law. An exception to this rule may be granted by the Governor of the Netherlands Antilles. These companies must operate exclusively in the zone and must contribute to making the Netherlands Antilles an

international distributing center. Free trade zone regulations require that goods brought into the zone and stored there without being packed, assembled, or otherwise processed must be traded principally with other countries.

Entry into the zone of the following items is prohibited: absinthe, printed matter copyrighted in the Kingdom of the Netherlands, coins, certain explosives, arms and ammunition, and certain species of animals. Narcotics are subject to special restrictions.

#### **Facilities Available**

The free trade zone consists of 40 acres of land adjacent to the Oranjestad harbor. Storage facilities may be built by the tenant or by the Government at the tenant's request and leased. Land within the free trade zone is made available on a ground-rent basis.

#### **Administering Authority**

The zone is under the direct control of the Island Government of Aruba.

#### **Mailing Address:**

Netherlands Antilles Economic Mission  
866 United Nations Plaza  
New York, New York 10017

Department of Economic Development  
Oranjestad  
Aruba, Netherlands Antilles

For special permission to operate in the free trade zone, foreign companies should apply to:

Governor of the Netherlands Antilles  
Fort Amsterdam  
Curacao, Netherlands Antilles

### **Free Trade Zone on Curacao**

#### **Location**

The free trade zone is situated in the Willemstad harbor on Curacao, the principal island of the Netherlands Antilles. Willemstad is the largest city and the capital of the Netherlands Antilles. The free trade zone is less than 3 miles from the center of the city of Willemstad and 8 miles from the airport. Curacao,

centrally located in the Caribbean area, occupies a position of importance as a transit port and an international center of trade and distribution. Curacao lies about 38 miles north of the Venezuelan coast. There are regular connections by sea with Western Europe, the United States, and the Latin American countries. The island has a road system interconnecting the city of Willemstad, the harbor area, and the airport.

Curacao has an area of 179 square miles and a population of 137,000. Its principal industry is petroleum refining. Other important operations include phosphate mining, and dry-dock and ship repair works, and electronic component manufacture.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone on Aruba.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone on Aruba.

#### **Facilities Available**

Total land area consists of 18.5 acres adjacent to the harbor. Covered storage space presently amounts to 123,000 square feet. Additional covered storage is to be provided. Land is available for lease to any concern wishing to construct its own facilities.

There is established within the free trade zone a private company which will transact business in behalf of foreign firms that do not wish to undertake direct activities in the zone. This company offers such services as receiving shipments, clearing them into the free trade zone, storing the merchandise in its own warehouses, processing, packing, sorting, keeping stock control of goods, marking, repacking, and reexporting, as directed by its clients. Information about this firm may be obtained from the Insular Service for Economic Affairs, Scharlooweg 160, Curacao, Netherlands Antilles.



## **Administering Authority**

The free trade zone is under the direct control of the Island Government of Curacao.

## **Mailing Address:**

Netherlands Antilles Economic Mission  
866 United Nations Plaza  
New York, New York 10017

Manager, Industrial Promotion Division  
Insular Service for Economic Affairs  
Scharlooweg 160  
Curacao, Netherlands Antilles

For special permission to operate in the free trade zone, foreign companies should apply to:

Governor of the Netherlands Antilles  
Fort Amsterdam  
Curacao, Netherlands Antilles

# **Panama**

## **Panama has a free trade zone located at Colon.**

Because of its geographic position at the crossroads of two oceans and two continents, Panama is an important transportation center. It is served by most major international shipping lines as well as a number of international airlines. In addition, it has access to short-range coastal shipping serving the Caribbean, Central America, and the northern countries of South America. Shipping is the primary means of international freight transport. Panama also is linked with Costa Rica via the Pan American Highway, which runs along the southern (Pacific) portion of the country. Panama City and Colon are connected by a good all-weather highway and a railroad operated by the Panama Canal Company.

The Republic of Panama has a population estimated at 1.3 million. The largest source of Panama's income derives from services, including earnings of Panamanian citizens employed in the Canal Zone. Otherwise, Panama may be regarded as basically an agricultural country, although its manufacturing and commercial sectors are growing in importance.

No exchange controls or restrictions exist in Panama. U.S. currency circulates freely in the country as legal tender. No Panamanian paper currency is in circulation. Panamanian and U.S. coins circulate freely.

## **Free Trade Zone at Colon**

### **Location**

The free trade zone is located in Colon, a city of 80,000, situated at the Caribbean entrance to the Panama Canal. Because of its strategic position at the junction of major shipping and air routes, the Colon Free Zone functions primarily as a transfer point, warehousing, manufacturing and regional sales center.

The free trade zone is served by deep water facilities about one-half mile away in the port of Cristobal, within the U.S.-administered Canal Zone. Goods are trucked between the free trade zone and the port. The Colon Free Zone also is served by Tocumen International Airport, outside Panama City and about 50 miles from Colon, with which it is linked by highway. Tocumen Airport is authorized to serve as a duty free depot for air cargo to and from the Colon Free Zone. Shipments from Colon to the Pacific side of Panama are sent by truck, ship, or rail, depending upon the nature of the merchandise.

### **Authorized Operations**

The Colon Free Zone was created by Decree Law No. 18 of 1948. Actual operations began in 1953.

Goods of any origin, including machinery and raw materials, may enter the free trade zone without payment of customs duties or taxes of any kind, including consular fees. Generally, merchandise leaving the free trade zone may be consumed in the Canal Zone, transshipped, or exported to a foreign country free of duties or taxes. The only exceptions are products of Panama subject to export duties, or products manufactured within the free trade zone which contain Panamanian raw materials ordinarily subject to export duties. Goods passing into the customs territory of Panama from the free trade zone are subject to the same customs reg-

ulations, duties, and fees as merchandise coming from a foreign country.

The following operations are permitted within the free trade zone: storing, exhibiting, packing, manufacturing, bottling, processing, assembling, labeling, sorting, refining, mixing, and, in general, performing operations with and handling all kinds of merchandise, products, raw materials, containers, and other articles of commerce, except those which are prohibited by law from entry into Panama (see Restrictions and Controls, below).

The administration of the free trade zone handles operations connected with the distribution of goods, e.g., storing, assembling, labeling, freight forwarding, and other services, for firms wishing to use the zone without setting up their own establishments within the zone. In addition, several management companies furnish these services to firms using the zone. Wholesale firms operating in the zone may have sales showrooms in which representative stock may be displayed.

With the exception of income and social security taxes, commercial operations carried on in the free trade zone are exempt from national, municipal, or local community taxes, fees, or dues. Firms in the zone engaged in reexporting goods to another country are exempt from 90 percent of the regular Panamanian income tax with respect to income derived from sales of merchandise reexported from the free trade zone to countries other than Panama. Manufacturing operations established within the Colon Free Zone, and elsewhere in the Republic, may also qualify for income tax exemption and other fiscal incentives under Panamanian investment law. There are no Panamanian taxes on invested capital, dividends or remittances abroad, nor is there any tax on capital gains when the property or securities sold have been owned over two years.

### **Restrictions and Controls**

The importation into the free trade zone of explosives or inflammable materials, arms and ammunition, narcotics, and certain other goods prohibited by law from entry into Panama, is prohibited. Certain of these materials, however, may be imported and stored in specified segregated areas within the free trade zone

with the approval of the Fire Department and with a special permit issued by the appropriate ministry of the Government of Panama. Retail trade within the free trade zone is prohibited.

### **Facilities Available**

The zone is located on about 100 acres of land. A program is underway to enlarge its area.

Although no portion of the free trade zone has been designated as open storage space, arrangements may be made for reasonable requirements, depending on the duration of the contract between the importer and the administering authority or the warehouse operator.

The free trade zone has nearly 60 buildings. The greater number are owned by the free trade zone administration and usually leased on a 20-year basis. However, many buildings are privately-owned. The zone contains installations for the warehousing and processing of almost every kind of goods.

A firm may enter into contracts for the lease of whole buildings or for space as needed in buildings. Leases are ordinarily made for periods of 1 to 20 years. However, customers having irregular stock or whose volume does not warrant leasing permanent space may keep their goods in public warehouses owned and operated by the free trade zone or in privately-operated bonded warehouses. Companies using the free trade zone may have buildings constructed in the zone to meet their own specifications after entering into a contract with the administering authority. The size of a building and special conveniences, such as air conditioning, cold storage facilities, or humidity control are determined by the contractual conditions agreed to by the Free Zone Technical Department and the firm. A "typical" or "basic" building has 2,000 square feet of floor space and is constructed by zone authorities with either a reinforced concrete frame or a steel frame. Firms may also construct their own warehouses or plants on land leased from the free trade zone.

### **Administering Authority**

The free trade zone operates as an autonomous agency of the Government of Panama. It is administered by a manager appointed by the

President of Panama and a board of directors comprised mainly of businessmen active in Panama.

**Mailing Address:**

Office of the Colon Free Zone  
405 Park Avenue  
New York, New York 10022

The Manager  
Colon Free Zone  
P. O. Box 1118  
Colon, Republic of Panama

## Paraguay

Paraguay has established limited transit zone facilities at Concepcion and Encarnacion (for Brazil only), at Asuncion (for the Federal Republic of Germany and Spain), and at Villeta (for Spain only).

Paraguay, a land-locked country of 157,000 square miles and two million people, is located in central South America. It is bordered on the south, southwest and west by Argentina, on the northwest by Bolivia, and on the east and northeast by Brazil.

Paraguay's major commercial artery and outlet to the sea is the Paraguay-Parana river system which connects it with downstream Argentine ports and thereby with the shipping lanes of the Atlantic. Although shallow-draft ocean vessels can sometimes navigate the river as far north as the capital city of Asuncion, about 1,000 miles from the sea, most traffic consists of river craft. Normally, Paraguay's foreign trade is transshipped through Argentine ports. A network of highways connecting with the road systems of neighboring countries is being developed and expanded. One of these roads, an east-west route termed the "Brazil Road," affords a means of direct overland transportation between Asuncion and the Brazilian port city of Paranagua on the Atlantic. (See section on Brazil.) In addition, a single track railroad runs from Asuncion to Encarnacion, a city on the Parana river directly across

from Posada, Argentina. The rail systems of the two countries are linked at this point by ferry service. International air carriers also serve Asuncion.

Paraguay is a member of the Latin American Free Trade Association (LAFTA).

**Mailing Address:**

Information about authorized operations, facilities, restrictions and charges in Paraguayan transit zones may be obtained from:

Presidente de la Administracion  
Nacional de Navegacion y Puertos  
(President, National Port  
Administration)  
Puerto de la Capital  
Asuncion, Paraguay

## Peru

Peru has established a free perimeter area in its eastern Amazon region. It also has transit zone facilities in the ports of Matarani and Mollendo for shipments destined to and from Bolivia.

Peru occupies the central section of the west coast of South America with a Pacific coastline of approximately 1,400 miles. The country, which straddles the Andes, has a total land area of about 496,000 square miles and a population of about 12.4 million. To the northwest, Peru is bordered by Ecuador, to the north by Colombia, to the east by Brazil, to the southeast by Bolivia, and to the south by Chile.

Peru produces and exports approximately 60 percent of the world's fishmeal production. Also important in its economy are agriculture and mining. Major exports include cotton, sugar, copper and iron. Peru is signatory to the General Agreement on Tariffs and Trade (GATT) and is a member of the Latin American Free Trade Association (LAFTA).

Callao, on the Pacific coast, is Peru's principal port of entry for international shipments. Inland transport is provided by 2,600 miles of railroads and 25,700 miles of roads. In eastern Peru, rivers and Lake Titicaca are important means of transportation.



## Free Perimeter in Eastern Peru

### Location

The Departments of Loreto, Madre de Dios, San Martin and Amazonas have been accorded free perimeter status; they are located in the remote *Selva* or jungle lowlands region of eastern Peru. Most categories of goods intended for use within the region may be imported subject to reduced customs duties. Shipments to and from this region usually are routed through Brazil via the Amazon River. Iquitos is the principal Peruvian port of entry for the region. Distribution of goods within the free perimeter area takes place mainly through water transport, principally on tributaries of the Amazon.

## Transit Zone Facilities at Matarani and Mollendo

### Location

The port cities of Matarani and Mollendo on the Pacific coast are among Peru's southern ports. Rail transportation links them with the southeastern interior town of Puno on the shores of Lake Titicaca. At Puno, goods are loaded on lake steamers for shipment to Bolivia. Roads also link the ports with points on the Bolivian border.

### Administering Authority and Mailing Address:

All Peruvian ports are under the jurisdiction of the Ministry of Transportation. Inquiries concerning the facilities at Iquitos, Matarani and Mollendo may be addressed to:

Ministry of Transportation  
Lima, Peru

Inquiries concerning the customs treatment of goods imported through the port of Iquitos and intended for use in the free perimeter as well as those in transit to Bolivia through the ports of Matarani and Mollendo may be addressed to:

Direccion General de Aduanas (Customs Administration)  
Ministerio de Hacienda y Comercio (Ministry of Finance and Commerce)  
Lima, Peru

## Uruguay

Uruguay has established two free trade zones located at Colonia and Nueva Palmira.

Uruguay is the smallest of the South American republics with a land area of approximately 72,000 square miles. It is situated on the north shore of the River Plate, between Brazil and Argentina. The population of the country is estimated at 2,845,000.

Montevideo is the capital and principal commercial center. Most foreign trade is channeled through this city, located near the Atlantic entrance to the River Plate. In addition, however, there are a number of smaller Uruguayan ports along the Plate and Uruguay rivers. The country has well-developed road and rail networks, which connect at a number of points with Brazilian and Argentine systems. A number of international air carriers serve Montevideo.

Uruguay is signatory to the General Agreement on Tariffs and Trade (GATT) and is a member of the Latin American Free Trade Association (LAFTA).

## Free Trade Zones at Colonia and Nueva Palmira

### Location

Colonia is a port city on the River Plate, some 100 miles west of Montevideo. Ocean steamers with cargo for Colonia discharge at Montevideo (for bonded overland shipment to Colonia) or at Buenos Aires (for transfer to smaller ships which can enter the port of Colonia). Colonia is directly accessible by water to river craft. It is connected with inland points by both road and rail. The free trade zone is located in the port area of the city.

Nueva Palmira is a port on the Uruguay River, approximately 168 miles from Montevideo. It is accessible to ocean vessels as well as coastal ships. In addition to water transportation, the city is served by highways which link it with other Uruguayan population centers. The free trade zone is located close to the port area.

### Authorized Operations

The operations of the free trade zones at Colonia and Nueva Palmira are regulated by Law No. 11,392 of 1949 and a body of subsequent legislative and administrative actions.

Goods of foreign origin may be entered into the zones, held there and processed, and reexported without payment of Uruguayan customs duties and import taxes. Imported goods become subject to payment of such duties, however, at such time as they may enter Uruguayan customs territory.

The operations permitted in the free trade zones include assembling, storing, sampling, mixing, exhibiting, blending, repacking, and the manufacturing of any product not manufactured in Uruguay.

### Restrictions and Controls

Goods prohibited from entry into the free trade zones include explosives, firearms, ammunition, instruments of war, alcoholic beverages, watches, cigars and cigarettes, playing cards, transistor radios, jewels, perfumes,

inflammables, and merchandise dangerous to health.

### Facilities Available

More than 247 acres are available for open storage at each of the free trade zones. The Colonia zone has some covered storage space available; however, at the Nueva Palmira zone users must provide their own covered storage space. The administering authority does not have buildings for lease at either site. Both free trade zones are fenced and lighted.

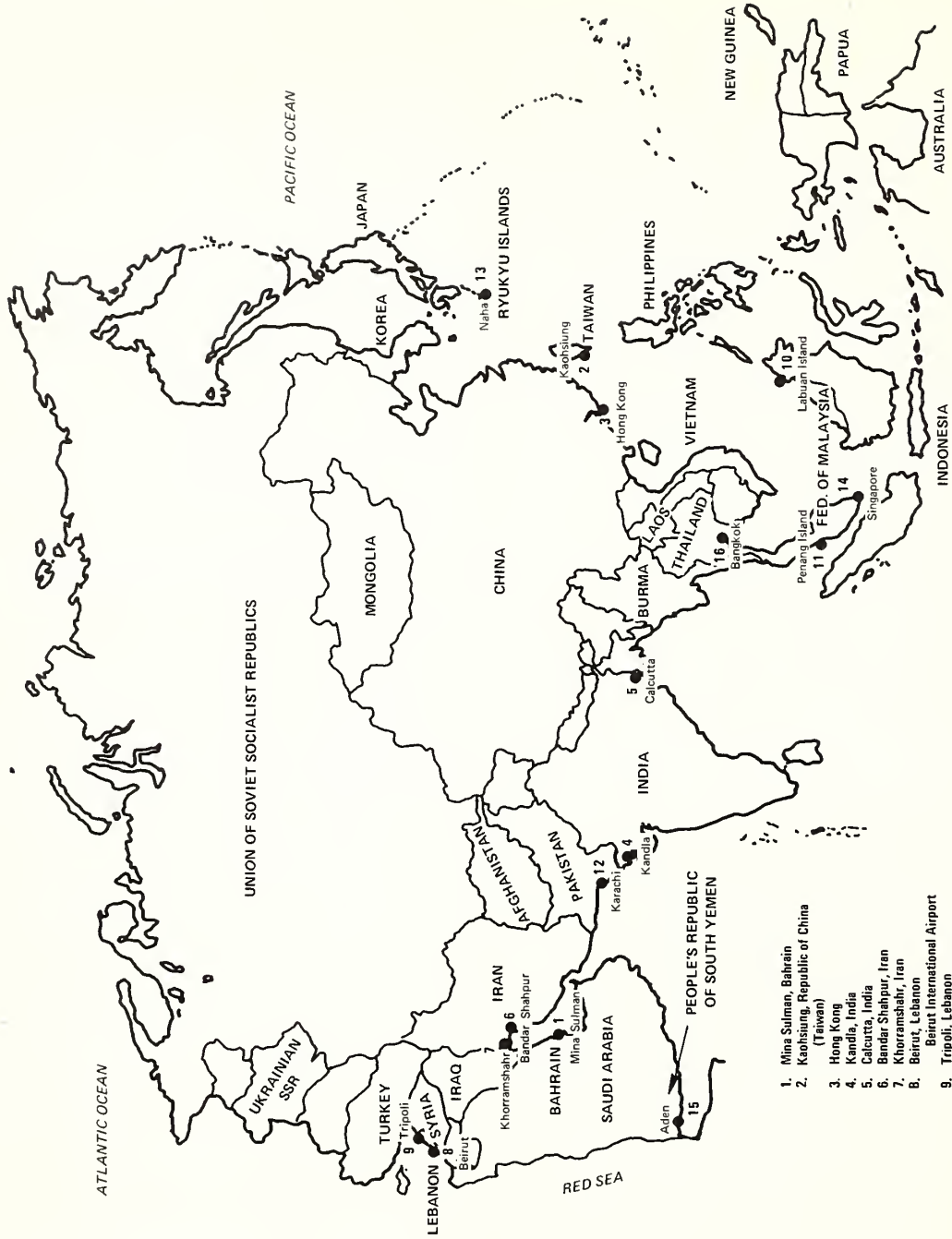
### Administering Authority

Both free trade zones are administered by the *Comision Administradora de las Zonas Francas* (Uruguayan Free Trade Zones Authority). The Authority operates under the direct control of the Ministry of Finance.

### Mailing Address:

Comision Administradora de las Zonas  
Francas  
Avenida Agraciada 1623, Piso 11  
Montevideo, Uruguay

# ASIA



1. Mina Sulman, Bahrain
2. Kaohsiung, Republic of China (Taiwan)
3. Hong Kong
4. Kandia, India
5. Calcutta, India
6. Bandar Shahr, Iran
7. Khorramshahr, Iran
8. Beirut, Lebanon
9. Beirut International Airport
10. Tripoli, Lebanon
11. Labuan Island, Malaysia
12. Penang Island, Malaysia
13. Karachi, Pakistan
14. Naha, Ryukyu Islands
15. Aden, People's Republic of South Yemen
16. Bangkok, Thailand



# Asia

COUNTRY	TYPE OF FACILITY	PLACE
Bahrain	Free Trade Zone	Mina Sulman
Republic of China (Taiwan)	Free Trade Zone	Kaohsiung
Hong Kong	Free Port	
India	Free Trade Zone	Kandla
	Transit Zone	Calcutta
Iran	Transit Zones	Bandar Shahpur, Khorramshahr
Japan	Special Facilities	Major ports and cities
Lebanon	Free Trade Zone	Beirut
	Free Trade Zone	Beirut International Airport
	Free Trade Zone	Tripoli
Malaysia	Free Port	Labuan Island
	Free Port	Penang Island
Pakistan	Transit Zone	Karachi
Ryukyu Islands	Free Trade Zone	Naha
Singapore	Free Port	
People's Republic of South Yemen	Free Port	Aden
Thailand	Transit Zone	Bangkok

# Chapter 10

## Free Trade Zones and Related Facilities in Asia

### Bahrain

**Bahrain has established a free trade zone at Mina Sulman.**

Bahrain is an independent island state located off the Gulf coast of Saudi Arabia. The state is made up of an archipelago which lies east of Dhahran, Saudi Arabia, and west of the northern tip of the Qatar peninsula. Bahrain has a land area of about 210 square miles and a population estimated at over 200,000.

Because of its mid-Gulf position and proximity to the Arabian mainland, Bahrain has long functioned as a regional transshipment center; however, its major economic importance derives from petroleum production and refining. Bahrain has a deep water harbor at Mina Sulman and an international airport serving the London-Australia route. A local aviation company provides service for the Gulf area.

#### Free Trade Zone at Mina Sulman

##### Location

Mina Sulman, Bahrain's major port, is located 3 miles south of the state's capital, Manama, at the northern end of the main island. The free trade zone, called the "Bahrain Free Transit Zone," is adjacent to the harbor area.

##### Authorized Operations

Goods of foreign origin may be brought into the zone for storage or processing. Bahraini customs duties are not levied on goods destined for transshipment or those exported subsequent to manufacture. Customs duties must be paid, however, if goods enter Bahraini customs territory. In addition to cargo handling and storage, authorized activities include repair, processing, assembly and light industrial operations.

##### Restrictions and Controls

Regulations and controls relating to cargo handling and storage in the zone and in the entire port are governed by Part VI of *Bahrain General Port Rules*, which may be obtained from the administering authority. Certain types of goods may not be placed in covered storage space. They are as follows: asbestos sheeting and pipes, air conditioning units in crates, bran, bricks, vehicles (including automobiles), cement, charcoal, clay, ropes and yarns, doors, empty bottles, firewood, cased furniture, iron and steel manufactures, timber, refrigerators, and windows and window glass.

##### Facilities Available

Covered storage space available for leasing to domestic and foreign firms include 310,000 square feet. Open storage space includes 500,-

000 square feet. In addition, firms may lease land from the administering authority for the construction of their own facilities.

#### **Administering Authority**

The free trade zone (Free Transit Zone) in the Port of Mina Sulman is administered by the Bahrain Port Department which operates under control of a Port Advisory Board and the Government of Bahrain.

#### **Mailing Address:**

Bahrain Port Department  
P. O. Box 453  
Manama, Bahrain

Firms contemplating shipment to the zone may obtain from the Port Department a publication entitled the *Government of Bahrain Port Department Tariff Book and Amendments*, which contains a list of charges for storage and other activities undertaken in the zone.

## **Republic of China (Taiwan)**

**There is an export processing zone (i.e., limited free trade zone) at Kaohsiung, Taiwan.**

#### **Note:**

The term "export processing zone" which appears in the title of the Kaohsiung facility is used throughout this section in preference to "free trade zone." The essential difference between the two is that the export processing zone limits free trade zone-type privileges (e.g., duty-free imports) to industrial concerns and associated service enterprises which manufacture, process or assemble goods solely for the export market. Generally, the zone may not be used to facilitate the importation of goods into the domestic Taiwan market,

nor may it be used for the warehousing of goods intended for third-country markets. It is intended primarily to attract new investment in manufacturing for export with the utilization of local labor.

The island of Taiwan is situated some 90 miles off the coast of the China mainland, about midway between Japan and Hong Kong. Taiwan, together with a few small islands, has a land area of about 13,900 square miles and a population of about 14 million.

The economy is becoming increasingly industry-oriented, although agriculture continues to play an important part. The transportation network on Taiwan is well-developed, with both rail and road connections between all major towns, agricultural and industrial producing areas. Taiwan ports are served by a number of domestic and foreign ocean shipping companies. There is an international airport located at Taipei and an airport at Kaohsiung which is being expanded to handle international traffic.

### **Export Processing Zone at Kaohsiung**

#### **Location**

Situated near the southern tip of the island, Kaohsiung is one of Taiwan's two major seaports. It is served by a number of international shipping lines and has road and rail connections with inland points. Domestic air service connects the city with Taipei international airport. The population of the city is estimated at about 600,000.

The export processing zone is a 170-acre tract in the port area.

#### **Authorized Operations**

The legal basis for the establishment of the Kaohsiung facility is the "Statute for Establishment and Management of Export Processing Zones," of January 30, 1965. This legislation also makes possible the establishment of similar facilities elsewhere in Taiwan. Currently, the creation of an additional zone in the Kaohsiung area is under consideration.

The law restricts the use and privileges of the export processing zone to "export enterprises," which are firms engaged in the manufacturing, processing or assembly of goods for the export



market or related service operations such as storage, transportation, unloading, loading, packing, and repair essential to the production or sales operations of the producing enterprises.

Export enterprises located within the export processing zone are authorized to bring in for their own use machinery, equipment, raw materials and semi-finished products of foreign origin without payment of customs duties or other import levies, including harbor dues. However, in the few instances where the goods may be permitted subsequently to enter the customs territory of Taiwan, the applicable duties must be paid. Foreign goods imported free of duties and goods produced within the zone are also exempt from payment of an excise tax, known as the "commodity tax." Goods of Taiwan origin brought into the zone for the use of export enterprises are considered as having been exported.

The operations authorized within the zone are storage, display, repacking, processing and manufacturing related to export sales. There is no limit on the amount of time during which components or goods produced within the zone may be held in storage.

Export enterprises located within the export processing zone are exempt from payment of Taiwan's business tax and defense surtax. They also benefit from the relaxation of certain controls affecting the purchase and use of foreign exchange. In other matters of a legal or fiscal nature, firms operating within the zone are subject to the same laws that apply elsewhere in Taiwan.

### **Restrictions and Controls**

With minor exceptions, subject to specific approval, goods of foreign origin brought into the zone or goods produced within the zone are prohibited entry into the customs territory of Taiwan. Firms holding goods within the zone are required to maintain accurate inventory records. Import and export licenses, which are obtainable through the zone's administering authority, are required for all shipments to and from the zone.

To establish operations within the zone, firms must be approved by the administering

authority. Approval is restricted to firms engaged in the production of specified (mostly light-industrial and labor-intensive) categories of goods. Additional criteria require that the proposed enterprise involve new investment, that it will not adversely affect previously established export enterprises, that the components and goods produced be of a type which can be easily inspected and controlled, and that the operation will not be injurious to public health or safety. A minimum investment of \$25,000 and minimum employment of 30 persons have also been set.

### **Facilities Available**

Land within the zone is publicly held; industrial sites, however, are available on a lease basis. Buildings for industrial operations may be built by companies for their own use, or constructed by the administering authority and occupied on a lease-purchase plan. There are warehousing facilities capable of housing 12,000 metric tons of goods, cargo-handling equipment and bonded trucks. The zone's administering authority handles the delivery of goods and their transportation to international carriers.

### **Administering Authority**

The zone is administered by the Kaohsiung Export Processing Zone Administration (KEPZA) operating under the jurisdiction of the Ministry of Economic Affairs.

### **Mailing Address:**

Chinese Investment and Trade Office  
Suite 1909, 515 Madison Avenue  
New York, New York 10022

Kaohsiung Export Processing Zone  
Administration  
Kaohsiung  
Taiwan, Republic of China

# Hong Kong

**Hong Kong is a free port.**

## Location

Hong Kong is a British Crown Colony which lies just within the tropics on the southeastern coast of the Chinese mainland. It is made up of over 200 islands and islets, and a portion of mainland territory adjacent to China's Kwangtung Province. The Colony has a total land area of almost 400 square miles, and a population of nearly 4 million. Hong Kong Island, the oldest part of the Colony, is its administrative and financial center. The Kowloon peninsula, on the mainland facing Hong Kong Island, is the major industrial area. Hong Kong harbor, extending between the north shore of Hong Kong Island and the mainland, totals about 26 square miles.

Because of its central geographic location, harbor facilities and free port status, Hong Kong has long been a center for international trade with China and other areas of the Far East. In recent years Hong Kong has become an important manufacturing center as well. Over 6,000 ocean-going ships enter Hong Kong harbor annually and about 100 shipping companies maintain liner service to the port. Hong Kong is also served by a major international airport located in Kowloon. Passenger and vehicle ferries, as well as numerous unscheduled small craft, provide frequent service between Kowloon and Hong Kong Island and also serve outlying islands.

The free port area encompasses the entire colony.

## Authorized Operations

With the exception of five categories of goods (see Restrictions and Controls, below) customs duties are not levied on goods of foreign origin entering Hong Kong. Importers, exporters and reexporters are required to submit prompt declarations of individual transactions to the Hong Kong Government. Although the collec-

tion of statistics is the primary purpose of this requirement, a small tax based on the value of the transaction must be paid with each trade declaration. Other trade controls are also minimal, in that import licenses or permits are not required for most types of goods. No duties are levied on exports or on goods in transit to other destinations. If dutiable goods are reexported, damaged in transit or destroyed unused, a refund of the duty paid may be obtained. Drawback is also payable on exports of locally manufactured goods made from duty-paid materials. In such cases, export orders must be filled directly from the factory of manufacture or the goods must be withdrawn for export from an approved warehouse.

Activities which may be carried on include loading, unloading, stevedoring, measuring and weighing of cargoes, storing, breaking bulk, sorting, grading, cleaning, assembling, manufacturing, distributing locally or for reexport, exhibiting, sampling, packing, marking, labeling, auctioneering and freight forwarding.

## Restrictions and Controls

The Colony's trade controls affecting international trade transactions are of three types: customs duties, commodity controls, and foreign exchange restrictions.

Customs duties—For revenue purposes customs duties are assessed on five categories of goods: alcoholic beverages, tobacco and tobacco products, hydrocarbon oils, table waters and methyl alcohol. Alcoholic beverages of Commonwealth origin and tobacco from Malawi are accorded preferential duty rates. Importers, exporters, and dealers in dutiable goods must be licensed. Dutiable goods must be stored either in general bonded warehouses or in a licensed warehouse belonging to the importer until duty is paid or the goods are withdrawn for reexport.

Commodity Controls—Import and export licenses or permits are required for certain goods falling within four general categories: dangerous goods (e.g., explosives, poisons, narcotics); goods of a strategic nature (arms, ammunition, certain minerals, metals, machine tools, rubber goods, etc.); dutiable goods (described in preceding paragraph); and other specified items (e.g., essential foodstuffs, coal,

precious metals). The storage, processing and movement within the Colony of such goods may be subject to special regulation. In addition, goods from specified Communist countries must be covered by an import license.

**Exchange Controls**—Prior approval of the exchange control authorities is required for some import transactions, depending on value, type, method of payment and currency of the originating country. Exports to countries outside the sterling area, excluding Mainland China, Taiwan and Macao, require export licenses. Both import and export licenses are usually issued freely upon application.

#### **Facilities Available**

All storage and servicing facilities at Hong Kong are owned and operated by private enterprises. They include four large wharf and warehouse companies and over 100 small warehouses which provide facilities to unload and store all kinds of goods including perishables, timber and logs, chemicals, explosives and other goods requiring special treatment. Refrigerated space amounts to about 3.8 million cubic feet. Total unrefrigerated storage space provided by major warehouse operators in the port area amounts to over 50 million cubic feet.

Warehouse space may be rented for sampling, mixing, assembling, blending or repacking. Public exhibition facilities are available for display by local manufacturers and exporters. Hong Kong has an oil tanker terminal. Bunkering services are provided at oil depot wharves or by lighter.

#### **Administering Authority**

The Port of Hong Kong is state-owned. It is administered by the Director, Marine Department, Hong Kong Government. Cooperation between the Marine Department and shipping and commercial interests is maintained through two advisory groups, the Port Committee and the Port Executive Committee.

#### **Mailing Address:**

Director, Port of Hong Kong  
Marine Department  
102 Connaught Road Central  
Hong Kong, B.C.C.

Trade Licensing Branch  
Department of Commerce and Industry  
Fire Brigade Building  
Hong Kong, B.C.C.

## **India**

**India has established a free trade zone at Kandla. There is also a transit zone (for Nepal) at Calcutta.**

India, with a land area of about 1,175,600 square miles, occupies the greater part of the subcontinent of Southern Asia. To the north it is bordered by West Pakistan, Mainland China, Nepal and the small principalities of Sikkim and Bhutan, and to the east by East Pakistan and Burma. India has a coastline of about 3,500 miles facing on the Arabian Sea, the Indian Ocean and the Bay of Bengal. The country has a population of over 500 million.

India's economy remains primarily agricultural; however, it is becoming increasingly industrialized. Its internal transportation network, made up of about 36,000 miles of railroads and 470,000 miles of roads, is one of the most extensive systems in the world. Nevertheless, its capacity is strained by the increasing needs of the country's expanding population and developing industrial sector. The transportation system is being enlarged and improved, but some areas outside the major industrial and marketing areas are inadequately served.

### **Free Trade Zone at Kandla**

#### **Location**

The Kandla free trade zone is situated in Gujarat State near the head of the Gulf of Kutch—an arm of the Arabian Sea which indents India's northwestern coastline. The zone is about 6 miles inland from Kandla port, one of the country's seven major port facilities. The closest town is Gandhidham, about 3 miles from the zone. The inland transportation facilities which serve the area include a meter-gauge railroad which links it with northern India, a national highway which runs east to



the industrial area of Ahmedabad, and regular air service to Bombay. The hinterland of the port region is being enlarged by the construction of a broad-gauge rail line to connect it with the east and by highway improvement.

#### **Authorized Operations**

The Kandla free trade zone was opened in 1965. At present its functions are limited primarily to those of an export processing area. With few exceptions (see Restrictions and Controls, below) goods of foreign origin held or manufactured in the Kandla zone may not be transferred into the customs territory of India.

Goods of foreign origin including machinery and equipment to be used in the zone may be brought into the free trade zone without payment of customs duties and excise taxes. In addition, most imports into the zone, if intended for reexport, are not held subject to India's quantitative (quota) import restrictions. However, if goods of foreign origin held or manufactured in the free trade zone are subsequently permitted to pass into Indian customs territory, customs duties and excise taxes must be paid, and other import control regulations (e.g., import licensing) must be observed.

Goods of Indian origin may be entered into the zone without payment of excise taxes. Such goods entering the zone are considered exports. However, if goods of Indian origin are later re-entered into Indian customs territory, excise taxes must be paid. If raw materials of Indian origin are transformed into manufactured goods in the zone and subsequently are entered into Indian customs territory, such goods are treated as imports from abroad and customs duties are assessed.

The activities authorized in the Kandla free trade zone are storage, transshipment, processing and manufacturing of goods for export.

#### **Restrictions and Controls**

Enterprises which are permitted to establish manufacturing operations in the free trade zone are required to export their output, with the exception of sub-standard production and waste materials. Small quantities of sub-standard and waste products and, in certain cases,

scarce equipment and spare parts held in the free trade zone may be permitted to be sold in the customs territory of India upon payment of customs duties and excise taxes. However, the distribution of such goods in India must be undertaken by an organization designated by the Government.

Industries established within the free trade zone are subject to the same regulatory requirements and receive the same tax treatment as like industries elsewhere in India, except for the duty-exemption described above. They must make their own arrangements to obtain foreign exchange for the importation of machinery and raw materials.

There are restrictions controlling the entry into the zone of diamonds, precious stones, gold, watches, narcotics and items which can be easily smuggled.

#### **Facilities Available**

An area of 342 acres has been allocated for the free trade zone. A limited number of sheds is being provided for small industries and exporters who prefer renting accommodations to building them. Land, in plots of varying sizes, is available for lease by firms wishing to construct their own facilities.

#### **Administering Authority**

The free trade zone is under the administrative control of the Ministry of Commerce. The Ministry has appointed an administrator to act as general manager of the zone and its facilities.

#### **Mailing Address:**

The Administrator  
Kandla Free Trade Zone  
P. O. Box No. 7  
Gandhidham, Gujarat, India

### **Transit Zone (for Nepal) at Calcutta**

#### **Location**

Calcutta, one of India's major ports of entry, is located near the Bay of Bengal in northeastern India. Indian railways extend from the port

of Calcutta to several points along the Nepalese border.

Nepal, a country of 10.7 million people and an area of 54,300 square miles, is landlocked and must conduct its foreign trade through adjacent countries, principally India.

#### **Authorized Operations**

Goods of foreign origin in transit to Nepal may be stored pending onward transportation. Indian customs duties and other import controls are not imposed on such goods.

#### **Restrictions and Controls**

Goods in transit for Nepal are required to be recorded in the Calcutta Customs Office, and Nepalese importers are required to show import licenses obtained from the Government of Nepal. The storage of explosives is not permitted.

#### **Facilities Available**

One storage shed is reserved for goods in transit to Nepal.

#### **Administering Authority and Mailing Address:**

The transit zone in Calcutta is administered by the Calcutta Port Commissioners. Additional information on the zone may be obtained from:

Calcutta Port Commissioners  
Calcutta, West Bengal  
India

Ministry of Foreign Affairs  
Government of India  
New Delhi  
India

## **Iran**

**Iran has established transit zones (for Afghanistan) at Khorramshahr and Bandar Shahpur. However, Afghanistan does not now use the Bandar Shahpur facilities.**

#### **Location**

Bandar Shahpur and Khorramshahr are Iranian port cities. Rail transportation links the two cities, located in the southwestern part of the country, with Meshed, in the northeast near the Afghanistan border. From that point, transit goods must be transferred to trucks for transport into Afghanistan.

Afghanistan, a country of 251,000 square miles and 15.4 million people, is completely landlocked. Inland transportation must be carried on by road or air; there are no railroads. Foreign trade is conducted primarily through Pakistan, although 5 or 6 tons of Afghan imports and 50 tons of Afghan exports pass through Khorramshahr monthly.

#### **Authorized Operations**

Under transit agreements signed in 1962 by the Governments of Iran and Afghanistan, transit zone facilities have been established at Khorramshahr and Bandar Shahpur for goods in transit destined for Afghanistan and for Afghan goods in transit destined for third countries.

Goods in transit are exempt from Iranian customs duties. The Iranian customs service provides storage space for transit goods in each city. In Khorramshahr and Bandar Shahpur space is available for such operations as assembling, blending, mixing, repacking, sampling and sorting which may be undertaken by the owner or by the owner's agent with written permission from the customs office.

#### **Restrictions and Controls**

Transit privileges are not extended to arms and ammunition intended for military use or to

commodities the entry of which into Iran or Afghanistan is prohibited. Iranian customs officials may inspect transit goods.

No special security measures are required if Iranian Government controlled transportation facilities, e.g., the Iranian railway system, are used, but the posting of a guard is necessary if truck transport is used. Afghan officials may be stationed at Khorramshahr, Bandar Shahpur, and Meshed.

#### **Facilities Available**

At Khorramshahr, about 21,500 square feet of covered storage space are available for goods in transit and about 27,000 square feet for open storage. Any sorting, sampling, mixing, etc., must be undertaken in this space.

There is no separate storage space reserved for goods in transit at Bandar Shahpur. Cargo from any given ship is stored as a unit regardless of whether the goods are to be cleared immediately or are in transit. At Bandar Shahpur storage space is provided in 18 warehouses. Merchandise weighing over 100 kilograms (approximately 220 pounds) may not be stored in these warehouses. It is not possible to lease storage space, but a storage area can be set aside without extra charge if regular shipments are made.

#### **Administering Authority**

The transit zone facilities at Khorramshahr and Bandar Shahpur are operated by the customs offices located in those cities. These customs offices operate under the Central Customs Office in Tehran.

#### **Mailing address:**

Director of Customs  
Khorramshahr Customs Office  
Khorramshahr, Iran

Director of Customs  
Bandar Shahpur Customs Office  
Bandar Shahpur, Iran

Central Customs Office  
Ministry of Economy  
Tehran, Iran

# **Japan**

**Japan has special facilities — a system of bonded warehouses with manufacturing permitted — which provide many of the advantages of a free trade zone.**

Japan is an island country situated in a northeasterly direction off the eastern coast of Asia. It is composed of 4 major islands and more than 1,000 smaller islets. The country has a land area of about 147,000 square miles and a population of about 100 million.

Japan is among the world's foremost industrial and trading nations. It is well-served internally by an extensive rail, air and road network. Externally it is served by a large number of international shipping lines and airlines. The Japanese merchant fleet is the world's fourth largest.

## **Special Facilities**

Japan has an extensive system of bonded facilities in which certain activities normally authorized in free trade zones may be carried on. These facilities are divided into five categories: designated bonded areas, bonded sheds, bonded warehouses, bonded factories and bonded exhibition sites. While most of these facilities are privately owned, they are subject to regulation by the Japanese Customs Office operating under the Ministry of Finance. Each of the five types of facilities permits the entry of foreign goods for storage and reexport, and in certain cases, checking of contents, repacking, sorting, exhibition and minor processing, without payment of customs duties. Customs duties must be paid, however, if the goods enter the Japanese customs territory. These special bonded facilities are located throughout the country, with each of Japan's eight customs districts — Tokyo, Yokohama, Osaka, Kobe, Nagoya, Moji, Nagasaki and Hakodate — containing all five types. The major features of each type are described below.



### **Designated Bonded Areas:**

Designated bonded areas are premises, buildings or other facilities, owned or administered by the national government, local public entities or the Japan National Railway Corporation, designated by the Minister of Finance, in which foreign goods may be loaded or unloaded, conveyed or stored. The storage period may not exceed one month. In addition, with the permission of the Director of Customs, foreign goods may be checked, repacked, and sorted; samples may be exhibited and minor processing which does not change the nature of the goods and similar operations may be undertaken. There are 52 designated bonded areas in Japan; these facilities are located at international airports and at sea ports. Space is available for lease.

### **Bonded Sheds:**

Bonded sheds are places, approved by the Director of Customs, in which goods of foreign origin may be unloaded or loaded, conveyed or temporarily stored to facilitate customs formalities. The maximum storage period is one month.

There are 1,358 bonded sheds located throughout the country, most of which are privately owned. Of these 477 are for the exclusive use of their owners. Space is available for lease in the remainder.

### **Bonded Warehouses:**

Bonded warehouses are facilities, approved by the Director of Customs, in which goods of foreign origin may be stored for a maximum period of two years. Such goods are subject to customs inspection at the time they are entered into the warehouse. In addition to loading, unloading, conveying and storing, certain other activities may be carried on with the permission of the customs authorities. They include checking, sorting, repacking, exhibiting samples and similar operations.

All bonded warehouses are privately-owned. They number 654, of which 284 are reserved for the exclusive use of their owners. Space may be leased in the remainder.

### **Bonded Factories:**

Bonded factories are establishments, approved by the Director of Customs, in which goods of foreign origin may be blended, pro-

cessed, manufactured or handled in other ways. Foreign goods may be stored in these places awaiting processing for a 2-year period. This time limit, however, may be extended by the Director of Customs. Goods entered into bonded factories are subject to customs inspection. Under certain conditions, permission may be obtained to remove foreign goods from the premises of bonded factories to another work site or factory for the purpose of performing operations not feasible within the bonded factory.

There are over 1,250 bonded factories in Japan. All are for the exclusive use of their owners and are not available for lease. These factories have been established by firms which purchase foreign parts for inclusion in manufactured goods. The system of bonded factories was established as a means of export promotion, and the goods manufactured at such factories are primarily meant for export to other countries. In case it is impossible to export such goods, they may be imported into the Japanese economy. If imported into Japan, products manufactured from foreign components in bonded factories are assessed customs duty as imports. If the goods imported into Japan contain Japanese as well as foreign components, customs duty is assessed in proportion to the amount of foreign materials contained in the product.

If the bonded factory system cannot be used because of technical difficulties, the tariff rebate system is available for a designated list of export items. Under this system, customs duties once paid on imported materials are subsequently refunded in whole or in part to the exporters of goods made from such imported materials.

### **Bonded Exhibition Sites:**

Bonded exhibition sites were newly added in 1967 to Japan's bonded facilities. These are areas approved by the Director of Customs from time to time where goods of foreign origin may be stored, displayed or operated at international trade fairs or similar exhibitions.

### **Mailing Address:**

Additional information about designated bonded areas, bonded warehouses, bonded sheds, bonded manufacturing establishments and bonded exhibition sites in Japan may be obtained from:

Chief, Inspection Section, Bureau of  
Customs  
Ministry of Finance  
2, 3-chome, Kasumigaseki, Chiyoda-ku  
Tokyo, Japan

Inquiries for general information may also be directed to the respective Directors of Customs in each of the eight Japanese customs districts. All communications should state the kind of facility or service required as well as the location at which the desired service is to be performed. Charges for the use of bonded facilities in Japan are normally set individually by the owners of such facilities.

## Lebanon

**Free trade zones have been established in Lebanon at Beirut, Beirut International Airport and Tripoli.**

Lebanon is situated at the extreme eastern end of the Mediterranean Sea. It is bordered by the Syrian Arab Republic on the north and east, and by Israel on the south. The country has a land area of about 4,000 square miles and a population of about 2.6 million.

Lebanon, particularly Beirut, functions as a major financial and trading center for the Near East. Tourism is also an important segment of the Lebanese economy and is the largest source of foreign exchange earnings. Industry is generally small and for the most part limited to the production of consumer goods.

The country has an excellent location on major shipping and air routes between Europe and Asia. For this reason, it is served by a number of international air and ocean carriers as well as regional transportation companies. Internally, highways are the most important means of transport. Lebanese and Syrian highways connect at several points, affording overland transportation from the port of Beirut to Syria and third countries beyond. Rail lines connect major Lebanese port and industrial centers and also extend into Syria.

## Free Trade Zone at Beirut

### Location

Beirut, with a population of about 875,000, is the capital, financial and commercial center and principal port of Lebanon. It is also served by a major international airport. Both airlines and shipping companies provide regular and frequent service between Beirut and Europe and Beirut and other Near Eastern countries. The free trade zone is located in the port area of Beirut.

### Authorized Operations

Goods of foreign origin may be brought into the free trade zone, stored, subjected to any authorized type of handling, and reexported without payment of Lebanese customs duties. Imports into the free trade zone are also exempt from import licensing requirements. Customs duties become payable, however, if the goods are subsequently transferred from the zone into Lebanese customs territory.

Authorized operations include storing, sampling, packing, repacking, blending, assembling and manufacturing.

### Restrictions and Controls

Narcotics, arms and ammunition, explosives, other highly inflammable merchandise, and goods subject to control by State Monopoly, e.g., tobacco, are subject to specific prohibitions and regulations. Entry and exit permits must be obtained from both the Lebanese customs and free trade zone authorities.

### Facilities Available

The total area allotted for storage and other operations is more than 1.4 million square feet. Total covered storage area in the zone is about 920,000 square feet, and open storage space covers about 200,000 square feet. There are available public warehouses run by the zone's administering authority, private warehouses for industrial use and storage, and terraces for goods usually kept in open space. Warehouses for private use may be leased from the admin-

istering authority or may be built by lessees on land leased from the administering authority. Cold storage facilities and facilities for textiles and the sorting and packing of agricultural products are also available. Factories and workshops may be set up where manufacturers may transform imported raw materials and then reexport the finished products.

#### **Administering Authority**

The free trade zone in the port of Beirut is administered by the *Compagnie de Gestion et d'Exploitation du Port de Beyrouth* (Beirut Port Management and Exploitation Company), a Lebanese joint-stock corporation. The company owns and operates the harbor and free trade zone facilities of the port of Beirut.

#### **Mailing Address:**

Compagnie de Gestion et d'Exploitation  
du Port de Beyrouth  
Rue du Port, P. O. Box 1490  
Beirut, Lebanon

### **Free Trade Zone at Beirut International Airport**

There is a small free trade zone located at Beirut International Airport. The warehouses and sales shops are rented by the public administration of the airport to private entrepreneurs for the storage and sale of imported and locally produced goods. The leasing is subject to the approval of the Ministry of Public Works and Transport and of the Customs Administration. Goods brought in by air may be stored in the free trade zone or may be transferred under customs control to warehouses in the free trade zone in the port of Beirut for storage or processing, pending entry into the customs territory of Lebanon or transshipment by sea or air elsewhere. The free trade zone has available a limited area of covered storage space suitable to goods of the kinds normally transported as air freight.

### **Free Trade Zone at Tripoli**

#### **Location**

Tripoli is one of the terminals of the Iraq Petroleum Company pipeline. It is situated on the Mediterranean coast to the north of Beirut. It has a population of about 150,000. The free trade zone is located in the Port of Tripoli. The Lebanese rail and highway systems link Tripoli with Beirut and other population centers.

#### **Authorized Operations**

See section under this heading in the summary of the free trade zone at Beirut.

#### **Restrictions and Controls**

See section under this heading in the summary of the free trade zone at Beirut.

#### **Facilities Available**

The total area of the free trade zone is more than 807,000 square feet. Total covered storage area in the zone is over 269,000 square feet; open storage space includes 322,900 square feet. There are both public warehouses run by the zone's administering authority and private warehouses for industrial use and for warehousing stocks of goods belonging to warehouse owners. The covered area includes 12 buildings of reinforced concrete, partly leased.

#### **Administering Authority**

The free trade zone in the Port of Tripoli is administered by the *Societe Nationale de la Zone Franche de Tripoli* (Tripoli Free Zone Company), a private authority operating under the control of the national government.

#### **Mailing Address:**

Societe Nationale de la Zone Franche de  
Tripoli  
Tripoli, Lebanon



# Malaysia

**There are two free port areas in Malaysia, namely Labuan Island and Penang Island.**

Malaysia is composed of two geographic areas: West Malaysia, i.e., the Malay peninsula, and East Malaysia, i.e., Sarawak and Sabah on the north coast of the island of Borneo. These regions, together with a number of off-shore islands, have a total land area of about 128,000 square miles. The country's population is about 9.4 million, of whom 85 percent live in West Malaysia.

Malaysia has land frontiers with Thailand on the Asian mainland and with the Republic of Indonesia on the island of Borneo. The Strait of Malacca separates the Indonesian island of Sumatra from the western coast of Malaysia, while to the north and northwest of Sabah, across the Sulu Sea, lie the southernmost of the Philippine Islands. The Strait of Johore, bridged by a causeway affording both vehicle and rail crossings, separates the Malay peninsula from the Republic of Singapore to the south.

The Malaysian economy is heavily dependent on the production and export of primary products, particularly rubber and tin. West Malaysia has a relatively well-developed transportation network. Highways and railroad lines link major population centers and connect with the transportation network of Thailand on the north. In addition, a number of international air and ocean carriers serve the country. Transportation is much less developed in East Malaysia. In both Sabah and Sarawak coastal and inland water shipping is the most common means of transportation although a 116-mile railroad runs along a portion of the northern coast of Sabah.

## Labuan Free Port

### Location

Labuan is an island situated about 6 miles off the coast of Sabah in East Malaysia. Administratively, for purposes other than cus-

toms, it is a part of Sabah. It has an excellent natural harbor, and a total land area of about 35 square miles. It functions both as a principal port for Brunei—an oil-producing sultanate located between the States of Sarawak and Sabah—and as a transshipment point for Sabah. The free port privileges extend throughout Labuan and six smaller dependent islands.

Labuan has convenient access to ocean shipping; there is direct service between the island and the United Kingdom, Australia, Hong Kong and Japan, as well as with other Malaysian ports and Singapore. In addition, coastal craft operate between Labuan and neighboring areas. Labuan has an international airport.

### Authorized Operations

With few exceptions, customs duties are not levied on imports. Export duties are not levied on any commodity. There are no restrictions on the types of operations which may be undertaken.

### Restrictions and Controls

Customs duties are levied on alcoholic beverages, tobacco and tobacco products, matches and petroleum products. In addition, the importation of certain goods regarded as injurious to public health or safety is prohibited.

Import licenses are required for some imports. They include goods manufactured in Japan and in Sino-Soviet bloc countries, wheat from certain countries, printed matter lacking indication of country of origin, and rice. Export licenses are also required for certain goods, including arms, ammunition and implements of war, drugs, timber, plants, wild animals and birds, objects of local cultural or historical interest, and certain strategic equipment and materials (i.e., many types of industrial equipment and machinery).

The only activity permitted in the port area aside from cargo handling is storage. Any other type of operation, e.g., assembling, must be undertaken elsewhere on the island.

### Facilities Available

Open storage area in the port of Labuan amounts to 25,000 square feet, and covered

storage about 22,400 square feet. Buildings are not available for lease in the port area.

#### **Administering Authority**

The Government of Sabah administers the free port facilities and trade regulations of Labuan Island.

#### **Mailing Address:**

The District Officer  
Labuan  
Sabah, Malaysia

The Secretary  
Labuan Free Port Guild  
P.O. Box 112  
Labuan  
Sabah, Malaysia

The Director of the Marine Department  
Labuan  
Sabah, Malaysia

### **Penang Island Free Port**

#### **Note:**

The Government of Malaysia is understood to have under consideration a possible modification of Penang's traditional free port status.

#### **Location**

Penang Island lies at the northern end of the Strait of Malacca, off the coast of the northwestern portion of the Malaysian mainland. It is situated opposite the Butterworth/Prai area of the Province of Wellesley on the peninsula; the island and the province together make up a state of the Malaysian Federation also called Penang. The free port privileges, however, are confined to Penang Island and several small islets. With an area of about 110 square miles, Penang Island has about one-fourth the total land area of the state. Its inhabitants number over 300,000 of the state's total of about 700,000.

Penang Island, which until 1948 was one of the Straits Settlements (U.K.), has been traditionally a free port and transfer point for the

trade of nearby areas of Indonesia, Thailand and Burma. However, in recent years, the transit trade has been surpassed in importance by sales into the customs territory of Malaysia. Georgetown, the capital of the island, is its principal population center and commercial area. Industrial activities which have developed are tin smelting, rice milling, fruit canning, fish processing and textiles. The principal products exported are tin, rubber, copra and coconut oil.

Penang Island's foreign trade is served by a number of ocean carriers and an international airport. The island has an adequate road network and regular ferry service connecting it with the mainland. The nearest railhead is located at Prai with special railroad ferries transferring passengers and rail freight between Georgetown and Prai.

#### **Authorized Operations**

Merchandise, with some exceptions, may enter any part of the island free from customs duties, whether intended for local consumption or for transshipment.

Free storage for a limited period of time is permitted in the free port. In addition, exhibiting, sampling, packaging, marking, labeling, selling, processing and manufacturing may be undertaken.

#### **Restrictions and Controls**

Import duties are imposed on such goods as tobacco, tobacco products, alcoholic beverages, motor tires and tubes, sugar, matches, cigarette lighters and petroleum products. With the exception of those manufactured in the United Kingdom or certain other Commonwealth countries, imported automobiles are subject to a registration fee.

While most commodities may be imported without specific approval (i.e., under Open General License), specific validated licenses are required for some imports. The latter are issued by the Office of the Trade Division, Ministry of Commerce and Industry in Penang. The importation of arms, ammunition, and explosives requires a permit from the Chief Police Officer. Firms contemplating shipment to the free port should inquire of the administering

authority for a complete list of dutiable, restricted or prohibited imports and regulations governing the entry, storage and exit of goods.

In the case of transit goods, export permits issued by the appropriate customs authorities are required. Reexportation of a substantial number of commodities is subject to procurement of export licenses.

#### **Facilities Available**

There are facilities for exhibiting, sampling, packaging, marking, labeling, selling, etc., operated by private companies. The port authorities have ample landing and warehousing facilities for dutiable items entering Penang.

#### **Administering Authority**

The free port facilities on the island of Penang are administered by the State Government of Penang.

#### **Mailing Address:**

The Controller of Customs  
Northern Area  
Georgetown  
Penang, Malaysia

Import and Export Control Officer  
Customs Building  
Georgetown  
Penang, Malaysia

Economic Officer of Penang  
Customs Building  
Georgetown  
Penang, Malaysia

## **Pakistan**

**Pakistan has established transit zone facilities (for Afghanistan) in the port of Karachi.**

#### **Location**

Karachi is Pakistan's principal port and the major gateway for trade bound to and from

Afghanistan. It is situated in West Pakistan on the Arabian Sea. Pakistani railroads and highways extend to several points on the Afghan border. Goods are carried by rail from Karachi to the Pakistani border towns of Peshawar or Chaman and there transferred to truck for onward shipment. Afghanistan, a country of 251,000 square miles and 15.4 million people, is completely landlocked. Inland transportation must be carried on by road or air; there are no railroads.

#### **Authorized Operations**

Goods in transit to Afghanistan through the port of Karachi are not subject to Pakistani customs duties or other import controls. Storage pending onward rail transportation is the only operation authorized.

#### **Restrictions and Controls**

Merchandise destined for Afghanistan must be clearly marked "In transit to Afghanistan," and forwarding agents must file with the Pakistani customs authorities a transit invoice and a bill of entry for consumption (marked "For Afghanistan") as well as the usual commercial documents. Pakistani customs authorities inspect shipments destined for Afghanistan, after which they are sealed for onward shipment.

#### **Facilities Available**

One shed, designated "L" shed in the Mansfield Import Yard of the port of Karachi, is reserved for the storage of goods in transit for Afghanistan. It has about 40,000 square feet of storage space.

#### **Administering Authority**

The transit facilities for Afghanistan in the port of Karachi are administered by the Karachi Port Trust, an autonomous statutory body functioning under the Pakistan Ministry of Communications, Rawalpindi.



## **Mailing Address:**

Additional information may be obtained from:

The Traffic Manager, Karachi Port Trust  
KPT Building  
Karachi, Pakistan

The Collector of Customs  
Customs House  
Karachi, Pakistan

# **Ryukyu Islands**

**A free trade zone is located at Naha, Okinawa, in the Ryukyu Islands.**

The Ryukyu Islands are a chain which extends about 375 miles in a southeasterly direction between Japan and Taiwan. In effect, they separate the East China Sea from the North Pacific Ocean. Although the chain is made up of 73 islands, only 26 are considered significant, and of these Okinawa is the most important. Okinawa accounts for more than one-half of the Ryukyus' total land area of about 850 square miles, and about 82 percent of their 950,000 inhabitants.

The Ryukyus have been administered by the United States since World War II. The United States acknowledges Japan's residual sovereignty over the islands, and they maintain close commercial and cultural ties with Japan.

Sugar and pineapple products are produced in the Ryukyus, and in recent years commercial fisheries and a number of manufacturing industries have been introduced. Commerce and service industries, however, play the greatest role in the economy, owing in large measure to the employment and demand generated by the U.S. military establishment.

## **Free Trade Zone at Naha**

### **Location**

Naha is the principal port of Okinawa and the Ryukyu Islands, as well as their commercial and administrative center. It is also the largest city in terms of population, having 260,000 of Okinawa's 781,000 inhabitants. The

free trade zone is situated adjacent to the port area.

The transportation facilities serving Naha include a local shipping conference made up of Ryukyuan, Japanese and U.S. carriers which provide scheduled service to and from Japanese ports. A number of other foreign-flag carriers engaged in Far Eastern trade call at Naha. There is also an airport served by four international carriers. Inter-island transport is supplied by local vessels and domestic air service. Transportation on the island of Okinawa and other large islands is provided by trucking companies; there are no railroads.

### **Authorized Operations**

The free trade zone was opened for operation by the Government of the Ryukyu Islands in 1960 to develop processing industries and entrepot trade. Goods intended for reexportation may be brought into the free trade zone for temporary storage, display, repackaging, processing, finishing and other operations.

Upon entry into and reexport from the free trade zone, goods are exempt from customs duties and taxes, import and export licensing controls, quotas, and usual customs procedures. Goods may be transferred into the customs territory of the Ryukyu Islands upon payment of all duties applicable to imported goods and procurement of an import license from the Government of the Ryukyu Islands.

### **Restrictions and Controls**

Companies interested in setting up business activities or investing in business activities in the free trade zone must obtain written authorization from the Chief Executive, Government of the Ryukyu Islands.

### **Facilities Available**

Total area of the free trade zone is 88,776 square feet. Warehouse facilities in the zone consist of two one-story, galvanized steel structures, each with 24,000 square feet of space. Additional areas may be authorized for bona fide export business ventures, contingent on the type of industry involved.

## Administering Authority

The free trade zone is administered by the Government of the Ryukyu Islands.

## Mailing Address

Chief Executive  
Government of the Ryukyu Islands  
Naha, Okinawa

United States Civil Administration  
Ryukyu Islands  
APO San Francisco, California 96248

# Singapore

**Singapore is a free port.**

## Note:

In recent years Singapore's traditional free port status has been altered by the adoption of a customs tariff and the imposition of import licensing requirements. These controls, however, affect only about 2 percent of Singapore's imports—about 300 items (mostly goods of a type manufactured in Singapore) are subject to customs duties, while approximately another 100 items (again, mostly goods of a type manufactured in Singapore or Malaysia) are subject to specific import licenses or quantitative limitations—and Singapore remains virtually a free port.

Additionally, Singapore's traditional function as a transit zone and transshipment point for the trade of nearby Southeast Asian countries continues unaffected by its trade controls. Moreover, legislation has been enacted to provide for the future establishment of free trade zones.

## Location

Singapore is an island republic located off the southern tip of the Malay peninsula (West Malaysia), about 85 miles north of the equator. It consists of a main island and 40 adjacent islets which make up a total land area of about 225 square miles; its population numbers nearly two million. Singapore is separated from West

Malaysia by the Strait of Johore which is traversed by a short causeway carrying a road and a railway. It is separated from Indonesia by the Singapore Strait.

Singapore is situated at a focal point in Southeast Asia on international sea and air routes. Its port is one of the world's busiest, and is used by over 100 international shipping lines providing service to all parts of the world. Good air connections to all points are also available, with 23 international airlines serving the country. Singapore's road and rail systems connect with those of West Malaysia, and beyond with those of Thailand. Internally, Singapore is served by a road network; railroad service extends into the main port area and also to the Jurong port in the southwestern part of the island where a number of industrial enterprises, including bulk grain storage facilities, are located. Additionally, coastal carriers connect Singapore with nearby areas.

Singapore's economy is heavily dependent on commerce and other activities related to trade and shipping. In recent years, however, manufacturing has become increasingly important and the Government encourages the establishment of export industries.

## Authorized Operations

Inasmuch as most of Singapore's trade continues to move without the imposition of customs duties or other restrictions, activities relating to trade may be undertaken throughout the country. For the storage of dutiable goods, government and private bonded warehouses are available.

However, much of Singapore's transit trade is handled within an area immediately adjacent to the harbor under the jurisdiction of the Port of Singapore Authority. This area functions, in effect, as a specialized free trade zone. Goods may be loaded, unloaded, stored and transshipped within its confines. Goods do not pass through Singapore customs unless they are removed from this area. The Port Authority operates warehouses for the storage of goods, and will arrange movement of the goods within its jurisdiction pending transshipment. Sampling of cargoes held on Port Authority premises is subject to approval upon written application. Other forms of processing are generally not

permitted, but in some cases, again subject to written application and permission, assembly may be undertaken. Mixing, repacking and manufacturing are not permitted in Port Authority public warehouses, but may be undertaken in buildings specifically leased for such purposes within the port area or in other areas approved by the Government.

#### Restrictions and Controls

Special controls apply to the entry, handling and storage of dangerous goods.

In addition, the entry, departure or transfer of goods to or from transit sheds and storage warehouses within the port area by shippers, agents or consignees is subject to certain documentary requirements. Prior to the exportation, reexportation or transshipment of goods from Singapore, export permits issued by the Registrar of Imports and Exports must be obtained. If the goods are dutiable, approval of the customs authorities is also required.

#### Facilities Available

The Port of Singapore Authority area comprises 1,000 acres and includes 3 miles of commercial wharves. Covered transit sheds and open storage facilities totaling 1.3 million square feet and 900,000 square feet respectively, are available at all berths. In addition, there are warehouses with about 500,000 square feet of floor space for long-term storage.

The wharves are fully mechanized and cargo-handling is carried out on a 24-hour basis. Fresh water and bunkers are obtainable at all deep water berths.

Some trading firms operate their own warehouses, and petroleum companies have their own tank farms and storage facilities.

Jurong Wharves are in operation at the northwestern sector of the port in the Damar Laut Channel. This harbor serves the new Jurong Industrial Estate situated at the southwestern corner of Singapore Island. Shore facilities include some 33,000 square feet of covered storage and 100,000 square feet of open storage. Bulk-handling equipment, including crane and overhead belt conveyor facilities, is available.

#### Administering Authority

The port area is administered by the Port of Singapore Authority, an autonomous statutory body.

#### Mailing Address:

Information about the facilities operated by the Port Authority may be obtained from:

The Port of Singapore Authority  
P. O. Box 300  
Singapore

Inquiries regarding import and export controls and procedures, bonded warehouse operations, etc., may be directed to:

Director of the Trade Division  
Ministry of Finance  
Fullerton Building  
Singapore

## People's Republic of South Yemen

**Aden in the People's Republic of South Yemen is a free port.**

#### Location

Aden is situated at the southern tip of the Arabian peninsula near the eastern entrance to the Red Sea. Until November 1967 a British colony, Aden is now part of the First Governorate, People's Republic of South Yemen. The country's five other governorates are located in the interior. The Republic is bordered to the east by the Sultanate of Muscat and Oman, to the north by Saudi Arabia and to the northwest by Yemen. The area is about 114,000 square miles in size and has a population estimated at about 1.5 million. Aden itself has a land area of some 75 square miles.

Aden's economic importance has traditionally depended on its oil bunkering facilities, located midway on the main shipping routes from Europe to the Far East via the Suez Ca-



nal. In addition to free port activities, Aden serves as a transit zone for the entry of goods into other areas at the southern end of the Arabian peninsula. Aden has an international airport and is linked by road with Yemen.

#### **Authorized Operations**

Aden is a free port in that there are only five categories of goods subject to duties: (1) alcoholic beverages, e.g., whiskey, wines, beer, cider, and aerated waters such as seltzer; (2) tobacco and tobacco manufactures, e.g., cigarettes, cigars, chewing tobacco, and snuff; (3) non-potable alcoholic mixtures, e.g., rubbing alcohol, perfume and toilet preparations; (4) qat (a narcotic leaf); and (5) certain petroleum products. All other goods may enter Aden duty-free.

For handling the foregoing five categories of dutiable goods, there is set aside a special controlled area called the Trading Estate, with separate sections controlled by the Customs and Excise Department of the Ministry of Economy, Commerce and Planning. In these controlled sections dutiable goods may be held pending import into the Republic or transfer elsewhere. In the Trading Estate, goods may be stored, packed, mixed, sorted, and processed. Items in the five dutiable categories may be taken directly from customs controlled sections of the Estate for transshipment free of duties. In cases where duties have been paid on goods brought into Aden and where such goods are later shipped elsewhere, such duties may be refunded on application for drawback.

#### **Restrictions and Controls**

The regulations governing the operation of the free port and the Trading Estate contain no unusual restrictions. However, there are special rules covering the admission and handling of such items as explosives, munitions, and petroleum.

#### **Facilities Available**

The Trading Estate covers about 20 acres. Covered storage facilities in the Estate include about 200,000 square feet. In addition, there are

throughout the free port individually-owned warehouses, including bonded warehouses.

#### **Administering Authority**

The free port facilities and the Trading Estate are administered by the Aden Port Trust, a semi-autonomous government agency under the direction of the Office of the President of the Republic.

#### **Mailing Address:**

Aden Port Trust  
Steamer Point  
Aden  
People's Republic of South Yemen

## **Thailand**

**Thailand has established a transit zone facility (for Laos) at Bangkok.**

#### **Location**

Bangkok is Thailand's capital and principal port of entry. It is situated about 17 miles upstream on the Chao Phraya River from the head of the Gulf of Thailand. Rail and highway transportation link the port with Laos at Nongkhai, a point on the Thai-Laotian border near Vientiane, the administrative capital of Laos. The border itself is formed by the Mekong River, across which cargoes must be ferried.

Laos is a country of about 91,000 square miles and 2.7 million people. The Mekong River is its principal commercial artery; however, roads also link major population centers and afford access to several river-crossing points between Laos and Thailand. There are no railroads in Laos. Most of the country's foreign trade with the west is handled through the port of Bangkok.

#### **Authorized Operations**

Goods in transit are not subject to Thai customs duties. The only operation authorized in the zone is storage, pending transshipment.

### **Restrictions and Controls**

The transshipment of goods between the port of Bangkok and Laos is subject to prescribed air, truck or rail routes.

### **Facilities Available**

There is set aside in the port of Bangkok, for the purpose of storing Laotian shipments, one transit shed with approximately 94,000 square feet of storage space. In addition, the port of Bangkok also contains a bonded warehouse facility in which goods may be sorted, packed or repacked prior to transshipment or entry into the customs territory of Thailand.

### **Administering Authority and Mailing Address:**

These facilities are administered by:

The Port Authority of Thailand  
Port of Bangkok  
Klongtoey  
Bangkok, Thailand

Information may also be obtained from:

The Director-General  
Thai Customs Department  
Klongtoey  
Bangkok, Thailand

The Harbor and Marine Transport  
Department  
Yodha Road, Talad Noi  
Bangkok, Thailand





# AFRICA



1. Lobito, Angola
2. French Territory of Afars and Issas
3. Abidjan, Ivory Coast
4. Monrovia, Liberia
5. Tripoli, Libya
6. Tangier, Morocco
7. Beira, Mozambique
8. Lourenco Marques, Mozambique
9. Dakar, Senegal
10. Dar es Salaam, Tanzania
11. Lome, Togo
12. Canary Islands, Spain
13. Ceuta, Spain
14. Melilla, Spain

# Africa

COUNTRY	TYPE OF FACILITY	PLACE
Angola	Transit Zone	Lobito
French Territory of Afars and Issas	Free Port	
Ivory Coast	Transit Zone	Abidjan
Liberia	Free Trade Zone	Monrovia
Libya	Free Trade Zone	Tripoli
Morocco	Free Trade Zone	Tangier
Mozambique	Transit Zones	Beira, Lourenco Marques
Senegal	Transit Zone	Dakar
Tanzania	Transit Zone	Dar es Salaam
Togo	Free Trade Zone	Lome

# Chapter 11

## Free Trade Zones and Related Facilities in Africa

### Angola

**Angola has established transit zone facilities for the Democratic Republic of the Congo (Kinshasa) and for Zambia in the port of Lobito.**

#### Location

Lobito, a city of about 55,000, is one of Angola's two principal maritime ports. It is situated on the Atlantic coast about midway between Luanda on the north and Mocamedes on the south. Lobito functions as a major ore and mineral export port, and is served by over 1,200 ships annually. The port is the Atlantic terminus of a rail line extending east to Katanga in the Congo; this rail line links with the rail systems of Zambia, Southern Rhodesia and South Africa. About one-half of Lobito's export tonnage and one-third of its import tonnage are transit shipments, bound to or from the Congo or Zambia.

#### Authorized Operations

Angolan customs duties are not imposed on transit shipments. Transit goods may be stored in the port area pending onward shipment. Other operations are not authorized.

#### Facilities Available

No special facilities have been set aside for the storage of transit shipments; such shipments may be stored in any port area facility. The storage accommodations in the port include 275,000 square feet of covered space, 775,000 square feet of open space, and special facilities for ore and coal. In one warehouse, cold storage facilities are available for frozen fish and fresh fruit.

#### Restrictions and Controls

Special handling regulations obtain in the case of explosives.

#### Administering Authority

The *Direccao de Exploracao do porto do Lobito* (Lobito Port Directorate), an administrative department of the Angolan provincial government, administers the port which is a government-owned facility. Private shipping agencies located in Lobito usually arrange the transfer of transit shipments.

#### Mailing Address:

Direccao de Exploracao do Porto de Lobito  
Fiscalizacao do Caminho de Ferro de  
Benguela  
Caixa Postal 16  
Lobito, Angola



# French Territory of Afars and Issas

**The French Territory of Afars and Issas is a free port. Its port of entry, Djibouti, also functions as a transit zone for Ethiopia.**

## Location

The French Territory of Afars and Issas, formerly known as French Somaliland, is situated in the northeast corner of Africa. It is bounded on the east by the Gulf of Aden, on the south by the Somali Republic and on the west and north by Ethiopia. It has a land area of about 9,000 square miles and a population of approximately 80,000, half of whom live in the capital and commercial center, Djibouti.

The economic life of the territory is principally commercial, centered around the port activities of Djibouti and the operations of the Franco-Ethiopian Railroad. Djibouti is located on an inlet of the Gulf of Aden near the entrance to the Red Sea, roughly opposite the port of Aden. This location affords it access to major maritime routes linking the Indian Ocean and Mediterranean Sea via the Red Sea and Suez Canal. Djibouti is also the northern terminal of the Franco-Ethiopian Railroad which links it with Addis Ababa, the capital of Ethiopia, a distance of about 500 miles. About half of Ethiopia's foreign trade is handled through Djibouti.

In addition to maritime and rail transportation facilities, Djibouti is served by an international airport offering connections with Addis Ababa, Aden, France and the Malagasy Republic. Road transportation is primarily local.

## Authorized Operations

The French Territory of Afars and Issas does not have a customs tariff and does not subject foreign trade operations to licensing controls. The transit, transshipment and export of goods from the Territory are free of

administrative formalities as well as customs duties or other revenue measures. However, the Territory does maintain a system of internal consumer taxation which applies to both locally produced and imported goods intended for domestic consumption. The level of this tax is presently 18 per cent *ad valorem* for most items, but higher on gasoline, alcohol and tobacco. Goods specifically exempted from the internal consumer tax include raw materials for export industries, a number of food items and supplies for vessels, aircraft and railroads. Goods not intended for local consumption are tax-free.

The principal activity authorized in the port is storage; however, other activities may be permitted with prior approval of the appropriate authorities.

## Restrictions and Controls

Special regulations control the storage of inflammable or dangerous goods.

## Facilities Available

Public warehouses in the port area have covered storage space totaling about 132,400 square feet. Private warehouses afford an additional 96,900 square feet. There are also refrigerated facilities for the storage of meat. Open storage space in the port areas amounts to about 1.9 million square feet. Ship chandling facilities are available.

## Administering Authority

The port of Djibouti is administered by a Port Director who is accountable to the territorial Minister of Public Works and the Port, and by an advisory board of directors.

## Mailing Address:

Directeur du Port (Port Director)  
Port de Djibouti  
Djibouti  
French Territory of Afars and Issas.

Service de l'Information, Presse, et Tourisme (Information, Press and Tourist Service)  
Djibouti  
French Territory of Afars and Issas.

Chambre de Commerce (Chamber of  
Commerce)  
Place La Garde  
Djibouti  
French Territory of Afars and Issas

## Facilities Available

No special facilities have been set aside for transit shipments. Such shipments may be stored in facilities within the port which include approximately 1,120,000 square feet of warehouse space, 130,000 square feet of open shed space and some 5,120,000 square feet of open air storage space. Shipments may also be stored in privately-operated bonded warehouses outside the port area.

# Ivory Coast

The Ivory Coast has established transit zone facilities for neighboring landlocked countries (Upper Volta, Mali and Niger) at the port of Abidjan.

## Location

The Ivory Coast is situated on the west coast of Africa facing southward on the Gulf of Guinea. It is bounded on the east by Ghana, on the west by Liberia and Guinea, and on the north by Mali and Upper Volta. Its capital and major maritime port is Abidjan, which has a population of about 400,000. More than 76 shipping companies, including eight U.S. concerns, have offices or agents in Abidjan. Abidjan is the terminus of a rail line extending north to Ouagadougou, capital of Upper Volta. The road system also connects with the roads of Upper Volta and beyond into Niger, and with roads extending into Mali.

## Authorized Operations

Goods in transit through the port of Abidjan are in general given the same treatment as goods intended for clearance through customs. All goods are allowed to remain without customs entry for a period of one month. At the expiration of this period the customs authorities serve a personal notice on the consignee, or, failing that, publish a notice. Thirty days after service or publication of the notice the goods can be sold by the customs. The consignee or his agent can clear the goods or make arrangement for their shipment up to the day of the final sale. The only operation authorized is the storage of goods pending onward shipment.

## Restrictions and Controls

Merchandise in transit must be bonded. The bonding usually takes the form of a guarantee by a bank, freight forwarder or large importer that the goods will, at a later date, either be transshipped or entered through Ivory Coast customs.

## Administering Authority

The port of Abidjan is administered by *La Direction du Port d'Abidjan* (Port of Abidjan Administration), which is a public corporation under the supervision of the Ministry of Public Works and Transportation.

## Mailing Address:

La Direction du Port d'Abidjan  
B.P. 1360  
Abidjan  
Ivory Coast

An additional source of information is a federation of shipping trade associations:

Federation Maritime  
B.P. 1727  
Abidjan  
Ivory Coast

# Liberia

## **Liberia has a free trade zone at Monrovia.**

Liberia, a country of 43,000 square miles, is located at the southwest corner of the western bulge of the African continent. On the south it has a 350-mile Atlantic coastline, while to the west it is bordered by Sierra Leone, to the northwest and north by Guinea, and to the northeast and east by the Ivory Coast. Liberia has a population of about 1.1 million.

Liberia's economy is based on the production and export of iron ore, rubber and timber; however, a large portion of the population is engaged in subsistence-level agriculture. Liberia also derives important revenues from the registry of foreign-owned ships.

The international transportation facilities in Liberia include one major seaport and one smaller seaport served by about 17 shipping lines, one major international airport plus a smaller daytime-only international airport served by about one dozen local and international carriers, and a road system which connects at several points with towns on the borders of Sierra Leone, Guinea, and the Ivory Coast. A 1,880-mile road network furnishes the chief means of internal transportation. However, large portions of the country are accessible only by rough track or trail. Three iron ore railway lines link mining areas with the ports, but the lines are not interconnected.

## **Free Trade Zone at Monrovia**

### **Location**

Monrovia is the capital of Liberia, its commercial center and principal transportation hub. It has a population estimated at 86,000. The port of Monrovia is the country's principal port, annually handling over 440,000 tons of general cargo. The city is also served by an international airport. A road network radiating from Monrovia extends to the Sierra Leone, Ivory Coast and Guinea borders.

The free trade zone, called the "Free Port of Monrovia," includes all of the port facilities

at Monrovia and a 500-acre tract immediately adjacent to the harbor area.

### **Authorized Operations**

The free trade zone (Free Port of Monrovia) was established in 1948 under agreement between the United States and Liberia. Full control of the facility was transferred to the Government of Liberia in 1964.

Goods may be brought into the free trade zone without payment of Liberian customs duties, and remain free of such duties while held in the zone, or if subsequently transshipped or reexported. Goods transferred into the customs territory of Liberia for domestic consumption, however, become liable to full duty payment.

Operations authorized within the free trade zone include transshipping, unloading, storing, mixing, blending, repacking, processing and manufacturing. Oceangoing vessels engaged in international trade may be furnished fuel and other provisions free of Liberian customs duties.

Provision also exists for the overland transportation of goods in transit to neighboring countries from the free trade zone. In such cases a permit issued by the customs authorities is required.

### **Restrictions and Controls**

Special regulations pertain to the handling of ammunition and explosives.

### **Facilities Available**

The free trade zone has two large and several small transit sheds offering about 160,000 square feet of covered storage. There are also general cargo warehouses, refrigerated storage space, tank storage for various types of petroleum products, and bulk storage facilities for iron ore. Space may be leased from the administering authority for storage, assembly or manufacturing operations. A private warehouse operator also has facilities in the zone and will undertake storage and cargo-handling operations for zone users.

Additionally, the free trade zone has general cargo and specialized wharves and piers, in-



cluding a fishing pier with freezing and storing facilities.

#### **Administering Authority**

The free trade zone (Free Port of Monrovia) is administered by the Monrovia Port Management Company, Ltd., operating under an agency contract with the Government of Liberia. The Company is comprised of several U.S. and Liberian enterprises, and includes as one of its owners the Government of Liberia.

#### **Mailing Address:**

Monrovia Port Management Company, Ltd.  
26 Broadway  
New York, New York 10004

Port Director  
Free Port of Monrovia  
Monrovia, Liberia

## **Libya**

### **A free trade zone has been established at Tripoli, Libya.**

The Libyan Arab Republic is situated on the north-central coast of Africa, facing the Mediterranean Sea. It has land borders with the United Arab Republic to the east, with Tunisia and Algeria to the west, and the Sudan, Niger and Chad to the south. Libya has a total land area of about 680,000 square miles and a population of about 1.7 million, 85 percent of whom are concentrated in the coastal areas.

Aside from a comparatively fertile area along the northern coastline, Libya's land area is mostly desert, interspersed with oases. Agriculture and grazing are the traditional economic activities. In recent years, however, petroleum has become the chief component of the economy.

Libya has three principal deep water ports, Tripoli, Benghazi and Tobruk. In addition, there are two international airports. Internal transportation facilities are, for the most part, concentrated in and around the coastal areas. The country's principal transportation artery is a 1,131-mile coastal road extending from the east-

ern to the western boundaries. North-south secondary roads feed into this system; however, they generally do not extend far into the hinterland. The more remote areas of the country are accessible only over rough track or by air.

## **Free Trade Zone at Tripoli**

#### **Location**

Tripoli, on the Mediterranean coast in western Libya, is one of the country's two co-capitals as well as its largest city, principal commercial center and leading port. Its population is about 250,000.

Tripoli functions as the distribution center for the western part of the country, i.e., the area made up of the former provinces of Tripolitania and the Fezzan. Tripolitania has a total land area of 136,000 square miles and a population of 900,000, while the Fezzan encompasses 213,000 square miles and 71,000 people.

The port of Tripoli is served by a number of international shipping lines. This city also has the country's principal international airport. Tripoli is located on the coastal road which affords a means of transporting goods shipped through the port to other populated areas in the north of the country. In addition, a major road project which is designed to connect the coastal road with Sebha, the principal city of the Fezzan, is under construction. When completed it may afford a convenient means of access to that area as well.

The free trade zone is located in the port area of Tripoli.

#### **Authorized Operations**

The free trade zone at Tripoli was established pursuant to Law No. 10 of 1959 and operates under regulations promulgated on December 31, 1962. It opened in 1964.

Goods, other than those prohibited from circulation in Libya, may be brought into the free trade zone without payment of customs duties. They remain free of such duties while held in the zone or if subsequently reexported. Goods transferred into the customs territory of Libya become liable to full payment of applicable customs duties and compliance with other import regulations.

In the free trade zone goods may be inspected stored, selected, cleaned, mixed and repacked. Other types of operations must be approved on an individual basis.

### **Restrictions and Controls**

The entry and use of explosives, arms, ammunition and highly inflammable or dangerous goods are subject to special restrictions. Documentary controls are exercised over shipments into and from the free trade zone. Application must be made to the Director of the zone for entry or removal of goods.

Firms undertaking operations within the free trade zone must be licensed by the Ministry of Finance. The regulations permit such licenses to be issued for periods of validity ranging from 3 months to 15 years. Holders of licenses with validity periods of less than 1 year may not construct installations within the zone. The construction of installations is subject to the supervision of the administering authority.

In general, goods brought into the zone must be deposited in covered areas. Exception is made for those types of goods normally stored in open space, e.g., automobiles and bulky machinery. Exception may also be made for other goods upon individual request.

### **Facilities Available**

The free trade zone at Tripoli has a total area of about 630,000 square feet. At present there is one warehouse with a capacity of 2,500 tons for goods in transit. Provision has been made to construct additional warehouse space as required.

### **Administering Authority**

The free trade zone is administered by the Tripoli Port Authority, an agency of the Ministry of Communications.

### **Mailing Address:**

Tripoli Port Authority  
Department of Ports and Lights  
Ministry of Communications  
Tripoli, Libya

Director-General of Customs  
Department of Customs and Excise  
Ministry of Finance  
Tripoli, Libya

## **Morocco**

### **Morocco has established a free trade zone at Tangier.**

The Kingdom of Morocco occupies the north-western corner of the African continent. It is bounded on the north by the Mediterranean Sea and the Strait of Gibraltar, on the west by the Atlantic Ocean, on the south by Spanish Sahara, and on the east and southeast by Algeria. In all it has a land area of 172,000 square miles and a population of 13.7 million.

Morocco's economy is primarily agricultural; however, important revenues are derived from mineral resources, particularly phosphates. Light industry is also being developed.

Most of Morocco's population centers are located in the coastal areas. Its principal cities are linked by a 1,192-mile railroad network which extends from Marrakech in the south to Tangier in the north and from the Atlantic coast on the west to the Algerian border on the east. The Moroccan rail system links with the Algerian rail system at the border town of Oujda. Morocco's highway system is made up of 11,200 miles of primary and secondary roads and over 23,000 miles of unsurfaced roads. International trade is handled through six major maritime ports on the Atlantic coast and three international airports. Casablanca is the principal seaport and is regularly served by over 100 international shipping lines.

### **Free Trade Zone at Tangier**

#### **Location**

Tangier, a city of 150,000, is the northernmost of Morocco's Atlantic ports and the principal point of entry for foreign tourists. It is situated near the Atlantic entrance to the Strait of Gibraltar, opposite Spain to the north. Across the Strait to the northeast is the British

colony and free port of Gibraltar. Tangier is one of Morocco's major maritime ports and is served by more than 30 international shipping companies. The city also has an international airport. Its free trade zone, called the "Commercial Free Zone," is located within the port area.

Tangier was incorporated into the Kingdom of Morocco in 1959 and at that time lost its historic status as a free port. Between 1959 and the present, light industry and tourism have superseded commercial activities in importance to the local economy. The Commercial Free Zone was established to provide a facility through which the commercial sector might resume its traditional trade activities. It will be paralleled by an industrial free zone presently under construction at a site inland from the port area.

#### **Authorized Operations**

The Tangier Commercial Free Zone was authorized by Dahir (edict) No. 1-61-426, dated December 30, 1961. It was opened on July 20, 1967.

Goods of foreign origin may be brought into the free trade zone without payment of customs duties or other import levies. Such duties must be paid, however, if the goods are subsequently transferred from the zone into Moroccan customs territory. Goods of Moroccan origin entering the free trade zone are considered exports.

Goods entering the free trade zone may be stored pending further disposition as exports or reexports. Usually, imports from the zone into the Moroccan domestic market are not authorized. The types of processing permitted on goods brought into the Commercial Free Zone are limited to those of a "commercial" as distinguished from "industrial" character. Permissible operations include sorting, mixing, sampling, screening, repacking, preserving and such other operations as may be authorized by the Ministry of Finance. Ship chandlery and, subject to certain conditions, the sale of goods to foreign tourists are also authorized.

In addition to activities involving the movement or processing of merchandise, financial and brokerage transactions may be carried out in the Commercial Free Zone. Within the free trade zone, Moroccan currency is considered

foreign exchange. There are no taxes on operations, profits, etc., in the zone.

#### **Restrictions and Controls**

Goods prohibited from circulation in Morocco, e.g., narcotics, dangerous and contaminated goods, are not permitted entry into the Commercial Free Zone.

Retail sales are also prohibited; however, firms operating within the zone are permitted to make sales to foreign tourists, provided that the seller makes arrangements for the direct export of the goods.

Storage time for goods brought into the zone is limited to a maximum period of 2 years. Goods stored on public premises, i.e., storage facilities operated by the administering authority, may not be processed, although simple inspection and repair of packaging may be carried on. Other activities are limited to privately-operated facilities.

In general, processing operations of a type which might more appropriately be performed in the future industrial free zone may not be permitted in the Commercial Free Zone.

Firms wishing to establish their own private warehouses in the Tangier Commercial Free Zone must make application to the administering authority.

#### **Facilities Available**

The administering authority of the Commercial Free Zone has available for public storage 53,800 square feet of covered space. Other warehouses are privately operated. The zone contains 333,700 square feet of land available for private leasing, in lots of varying sizes. Subject to approval of the administering authority, firms may construct their own warehouses or other facilities on such leased land.

#### **Administering Authority**

Both the port of Tangier and the Tangier Commercial Free Zone are administered by the Moroccan Ministry of Public Works and Communications. Development of the zone is guided by a commission headed by the Governor of Tangier Province, with representation from



various government ministries, and the management of the Commercial Free Zone.

#### **Mailing Address:**

Zone Franche  
Tanger, Maroc (Morocco)

## **Mozambique**

**Mozambique has established transit zone facilities for South Africa, Swaziland, Zambia, and Southern Rhodesia in the port of Lourenco Marques; and for Zambia, Southern Rhodesia, Malawi and the Katanga Province of the Democratic Republic of the Congo (Kinshasa) in the port of Beira.**

#### **Location**

Mozambique, an Overseas Province of Portugal, is situated on the southeastern portion of the African continent facing the Indian Ocean. Lourenco Marques, served by about 160 ships per month, and Beira, served by about 100 ships per month, are its principal ports.

Lourenco Marques is situated at the extreme southern end of the province, about 50 miles west of the South African and Swaziland borders. The city, which has a population of about 183,000, is the provincial capital and principal port. It is connected by rail with the South African, Swaziland, Rhodesian and Zambian rail systems.

Beira is situated 450 miles north of Lourenco Marques. It is a principal port of entry for Malawi, Southern Rhodesia, Zambia and Katanga. It is linked by rail with the systems of Rhodesia and Malawi, and via the Rhodesian system with Zambia and the Democratic Republic of the Congo. Both Lourenco Marques and Beira have international airports. The importance of transit trade in Mozambique is illustrated by the fact that about three-fourths of the traffic passing through Mozambique ports is transit traffic.

#### **Authorized Operations**

Mozambique customs duties are not levied on transit shipments; however, nominal transit fees are imposed. The only operation authorized for transit shipments in either port is storage pending onward shipment.

#### **Restrictions and Controls**

Prior arrangements are required in the case of explosives or dangerous materials. If their storage is required, they must be stored in a special area.

#### **Facilities Available**

In both ports there are storage sheds and open mineral and coal dumps available in the port areas. Additionally, outside the port areas there are bonded warehouses and other special cargo facilities.

#### **Administering Authority**

Both ports are under the administration of the Mozambique Administration of Ports, Railways and Transport Services.

#### **Mailing Address:**

The Director  
Mozambique Administration of Ports,  
Railways and Transport Services  
Lourenco Marques  
Mozambique

Director of Operations of the Port and  
Railroad of Lourenco Marques  
Lourenco Marques  
Mozambique

Director of Operations of the Port and  
Railroad of Beira  
Beira  
Mozambique

# Senegal

Senegal has established a transit zone facility for Mali in the port of Dakar.

## Location

Senegal is situated on the west coast of Africa facing the Atlantic Ocean. It is bordered by Mauritania on the north, Portuguese Guinea on the south, Guinea on the southeast and Mali on the east. Senegal is a country of 75,700 square miles and has a population of 3.6 million. Dakar, with a population of 550,000, is the capital and principal port. Dakar is connected with Bamako, the capital of Mali, by the Dakar-Niger Railway.

## Transit Zone Facilities at Dakar

A section of the port of Dakar is reserved for the handling and storage of transit shipments to and from Mali. Senegal does not impose restrictions or levy customs duties on such shipments. The facility is administered by the *Syndicat des Agents Maritimes de la Cote Occidentale d'Afrique* (SOCOPAO) — (Maritime Agents Association of the West African Coast). Further information about the transit area may be obtained from that organization.

## Mailing Address:

Syndicat des Agents Maritimes de la  
Cote Occidentale d'Afrique (SOCOPAO)  
Transitaire (Mole 3)  
B.P. 223  
Dakar, Senegal

# Tanzania

Tanzania has established a transit zone facility for Burundi, Rwanda, the Democratic Republic of the Congo (Kinshasa) and Zambia in the port of Dar es Salaam on the Indian Ocean and at the inland port of Kigoma on

Lake Tanganyika. Additionally, the port of Mtwara in the south near the border of Mozambique is now being used to handle some shipments of copper from Zambia. Tanzania has not established any free trade zones and the only customs-privileged facility is for transit goods in bond to the countries mentioned above.

## Location

The mainland portion of the United Republic of Tanzania occupies the area formerly known as Tanganyika. It has a 550-mile coastline on the Indian Ocean, and its principal seaport is Dar es Salaam, capital of Tanzania with a population of about 270,000. Rwanda, Burundi and the Democratic Republic of the Congo border the country on the west, Uganda and Kenya on the north, and Mozambique, Zambia and Malawi on the south. Goods destined to or from Burundi, Rwanda or the Congo are normally transshipped via rail and lake steamer or overland as the rail system does not extend beyond Kigoma.

## Authorized Operations

Tanzanian customs duties are not levied on transit shipments. The only operation authorized for such goods is storage pending onward shipment under bond.

## Facilities Available

In Dar es Salaam the storage space available for transit shipments includes 384,000 square feet of covered space and 182,000 square feet of open space on the Main Quay (Berths 1 to 3) and 47,000 square feet of covered space on the lighterage wharves. Six miles from the port, a special transit depot for Zambian traffic has recently been built with a covered area of 200,000 square feet and 220,000 square feet of open stacking space. Transit facilities with covered space are also available at the port of Mtwara. Additional transit facilities for Zambian shipments will be available when three new deep water berths at Dar es Salaam are completed. For further information on the facilities at

Tanzanian sea ports and the lake port in Kigoma, inquiry should be made of the administering authority or the Port Manager.

#### **Restrictions and Controls**

Inquiry should be made of the administering authority or the Port Manager.

#### **Administering Authority**

The transit facilities in Dar es Salaam and Kigoma are operated by *Agence Maritime International (E.A.)* under a “quadripartite commission” established to administer the formerly Belgian-operated installations in these ports. The commission includes representatives of the Governments of Tanzania, the Democratic Republic of the Congo (Kinshasa), Burundi and Rwanda. *Agence Maritime International* also handles clearance of all Zambian traffic.

#### **Mailing Address:**

Agence Maritime International (E.A.)  
Main Quay  
P.O. Box 9041  
Dar es Salaam, Tanzania

Regional Commissioner  
East African Customs and Excise Department  
P.O. Box 9053  
Dar es Salaam, Tanzania

Port Manager  
East African Railways and Harbours Administration  
P.O. Box 1130  
Dar es Salaam, Tanzania

## **Togo**

**Togo has a free trade zone at Lome.**

Togo is a West African country with a total land area of 22,000 square miles and a population of approximately 1.7 million. Bounded on the west by Ghana, on the north by Upper Volta and on the east by Dahomey, to the south it has a short coastline on the Gulf of Guinea.

The economy of Togo is primarily agricultural with coffee and cocoa the principal cash crops. Industrial activity is largely based on the processing of agricultural commodities and phosphate mining, which has expanded in recent years. Togo is an associate member of the European Economic Community (EEC or “Common Market”) and of several West African regional organizations including the West African Customs Union. It is also signatory to the General Agreement on Tariffs and Trade (GATT).

Transportation facilities in Togo consist of 2,933 miles of roads of which about 140 miles are paved and 275 miles of railroad track. The roads connect at several points with road systems of neighboring countries, but cannot handle all-weather traffic. Togolese rail lines serve to link the port of Lome with phosphate and agricultural producing centers; they do not connect with the railroad systems of neighboring countries. Lome is the only international seaport in Togo except for a bulk phosphate jetty at Kpeme; it is the site of an international airport.

### **Free Trade Zone at Lome**

#### **Location**

Lome is the capital, commercial and industrial center and transportation hub of Togo. Its population numbers about 126,000. Roads, mostly unpaved, radiate from Lome to other population centers, and two rail lines extend from the city in northerly and westerly directions. The port of Lome is served by a number of international shipping lines and the airport by several international air carriers. There is daily air service between Lome airport and Europe.

The free trade zone is a 90-acre tract enclosed by a customs fence in the port of Lome and referred to locally as the “Free Port Land Area.” The free trade zone privileges and restrictions described under the following headings generally apply only within this zone. However, the title “Free Port of Lome” is used to designate the entire port complex, composed of harbor and berthing facilities and a 1,675-acre port industrial zone in addition to the actual free trade zone area.



## Authorized Operations

Government Decree 68-106 of June 5, 1968 prescribes the regulations applicable to the free trade zone area. It provides that the zone may be used for the unloading, transshipping and storing of imported goods without the payment of Togolese customs duties. Customs duties become payable, however, if goods are subsequently transferred from the free trade zone for use or consumption in Togo. Goods of Togolese origin may also be brought into the zone. Upon entry into the zone such goods will be considered exports unless steps are taken to retain their nationality.

Customs-privileged goods warehoused in the free trade zone may be repacked, sorted, divided or subjected to similar handling operations intended to preserve them in good condition. Such handling does not result in any preferential tariff treatment if the goods are subsequently imported into Togo. With the prior permission of the Customs Administration, light industrial operations based on the processing of foreign or mixed foreign and local components and intended primarily for export sale may also be undertaken in the free trade zone. If products of such operations are subsequently imported into Togo, customs duties are levied only on the imported raw materials or components.

Ship chandlery and, with the authorization of the Customs Administration, sale of customs-privileged goods to tourists are permitted within the free trade zone area.

## Restrictions and Controls

Access to the free trade zone is restricted to persons bearing permits issued by the adminis-

tering authority. With the exceptions noted under Authorized Operations above, the sale, purchase or consumption of customs-privileged goods in the free trade zone is prohibited.

The maintenance of inventory and accounting records and other documentary controls pertaining to the storage, processing or transportation of customs-privileged goods is required of firms operating in the free trade zone area; the form of such records is subject to the approval of the Customs Administration.

## Facilities Available

The free trade zone area is reserved for warehouses and some small light industry. The administering authority is empowered to allot land parcels within the free trade zone area and has responsibility for notifying the Customs Administration of any proposed construction within the area. Information on the facilities within the zone may be obtained from the administering authority.

## Administering Authority

The free trade zone is administered by the Port Authority for the Port of Lome, *Port Autonome de Lome*. Operations within the free trade zone are subject to regulation by the Customs Administration.

## Mailing Address:

Port Autonome de Lome  
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